RUSSIAN WEEKLY NEWSMAGAZINE
№ 52 DECEMBER 1992

NEW TIMES

INTERNATIONAL

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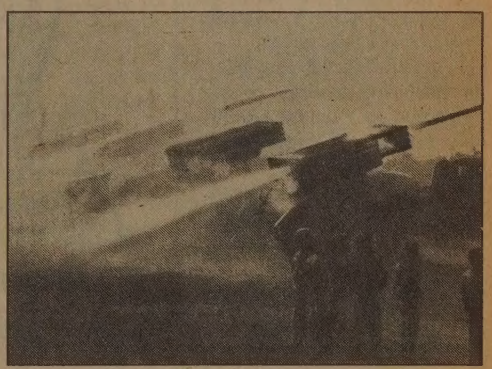

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Trade in Soviet-made arms is a lucrative business

Cover photo by ITAR-TASS

Western practical aid is needed

Despite profuse and high-flown talk about the need of giving Russia urgent assistance in the building of a democratic and market-oriented economy, the West has done little to help it carry out reforms. The lack of attention on the part of the West has proved harmful to Russia, promoting runaway inflation in that country. The West will pay dearly for its inactivity in the future if the economic chaos leads to a revival of hostile political forces in Russia.

Dr Wilhelm Hankel,
businessman
Munich

What can be done to save democracy in Russia?

External financial aid to the Russian reformers can spare them the need of making compromises with the old system. The West's support would:

– provide funds for converting military industries to the production of socially useful goods (a task that will be highly important for us, too);

– guarantee benefits for the millions of people who are likely to lose their jobs as the Russian economy is transformed into a system geared to the market;

– help launch a programme of loans which will promote small private businesses;

– create financial reserves to maintain the stability of the ruble and so avoid the horrifying prospect of inflation and consequent chaos.

Stephen Small,
scientific worker
Vancouver

Russians are to gain a first-hand knowledge of the US

The United States should adopt a new programme of training schoolchildren, students and young businessmen from Russia and other republics of the former Soviet Union. These exchanges could be financed through the general package of economic aid to democratic reforms in the former USSR which was approved by US Congress.

The money itself that we shall provide will not help establish a lasting genuine democracy and market economy in Russia. It will be used up in about a year. There is no sense in wasting funds; it is more reasonable to invest capital in people, democratic values, and in individual freedoms. Our investments must bring long-term, not short-term, dividends and promote stable democratization in this region.

Henry Astray,
professor
Boston

Poignant disillusionment

What has happened in Lithuania may be repeated in Russia. Disappointed with the inability of nationalist-minded reformers to provide food and energy, the voters of that small Baltic state returned the Communists to power. Less than a year after the breakdown of the Soviet Union and the Communist Party, which inefficiently governed the country for over 70 years, many Russians say that democracy is a cherished dream which has had its chance but did not work. These Russians now loudly declare their readiness to accept an authoritarian "Russian" model of government, if only it works and provides them with all they need. Russia is probably again approaching a turning point and the present situation calls for stronger Western backing of Yeltsin.

Joannis Skoulariklis
Athens

Argentina is no paradise for the unemployed

The Russian media and, it seems, even your magazine predicted an exodus of people from the former USSR to Latin America, and Argentina in particular, in the event of unemployment in the CIS. Frankly speaking, I am appalled at this prospect. If Argentina does not get proper financial aid from Western governments and banks this influx will plunge it into chaos.

There is a danger that emigrants to Argentina will import such problems as the growth of unemployment among the local population, and Western-style racism and xenophobia. Potential immigrants do not seem to be aware that Argentina is no longer the "blessed land" it was in the late 19th and early 20th centuries – to which people came from all over the world in the search of a better life.

Our economy is in crisis. There is an acute shortage of jobs. Unable to find employment in the country, skilled workers and engineers emigrate abroad, and this process has increased recently. Unless the question of settling immigrants is considered thoroughly there is no guarantee that immigrants will not be rejected by local trade unions and the population. Argentina, which was not luckily torn by ethnic and racial feuds in the past, may become another region of bitter ethnic conflicts.

Mario Koba,
trade unionist
Buenos Aires

THE WAY I SEE IT

Drawing by Yevgeny Starodubtsev

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President Boris Yeltsin now turns eastwards

Because of the Russian leaders' newly adopted habit of using the international arena for internal political struggles, Boris Yeltsin's interrupted visit to Beijing passed practically unnoticed in the world. Two dozen Russo-Chinese documents signed during the visit drew much less attention than the President's announcement that he had to return back home in order to stop the squabble for ministerial portfolios. In the meantime, the Russo-Chinese rapprochement could become a much more effective catalyst than the Kremlin squabbles and struggles for global influence.

Certainly, the present Moscow-Beijing axis is a poor substitute for the "great friendship" between Stalin and Mao. Apart from a lot of other things, this throwback to the past would have been a too crude and vulgar approach to the tasks faced, in particular, by Russia. And these tasks are the search for the still elusive harmonious relations with the international community.

The wounded imperial sensibilities of politically active Russians are a factor which shouldn't be dismissed. "A logical outcome of this would be the appearance of a 'nuclear Pugachov,'" a well-known Russian politician recently told me referring to the leader of a destructive 18th-century peasant rebellion which nearly did away with law and order not only in Russia but in Europe as well. The policy of Westernization, however, which is associated with Yegor Gaidar's name, only reinforced this dangerous tendency.

You only have to talk to people with different social backgrounds in order to see at times genuine, though more often than not unfounded reasons for this widely held Russian attidude. A worker feels resentment because he sees common Western consumer goods in the shops which he won't be able to buy in the forseeable future. Industrialists have observed a production slump, especially in those industries which were previously considered, more or less correctly, to be capable of competing with Western companies. An intellectual feels superfluous in a completely different value system in which it is not writers or philosophers who are idolized, but show-biz personalities. On the politial level, this metamorphizes into the demand to revise both domestic and foreign policies.

Hence Yeltsin's choice of such a partner as Communist China. The agreements signed by him in Beijing are a curious illustration of Russia's disappointments in cooperating with the West. The latter was willing to save the Russians from starvation, but showed incredible cruelty when the idea of Russians themselves having a decent standard of life was discussed. Americans kept Russians away from the arms' and advanced technology markets, while the Chinese were ready to cooperate both in arms supply and in building atomic power stations. Aiding Russia, the Americans helped their own farmers and entrepreneurs by commodity credits of dubious value, while the Chinese are prepared to envisage industrial cooperation on a broad scale.

This is not merely an example of good-neighbourly relations, but of strategic partnership, because China has already swallowed the bitter pill of Western altruism which has turned to cruelty on sighting a dangerous rival, despite all the latter's vows and oaths of peaceful intentions or, as in President Yeltsin's case, of devotion to the ideals of Western civilization. The fact remains that PAX AMERICANA has reserved for Russia and China a role which their present and future leaders will hardly be eager to accept.

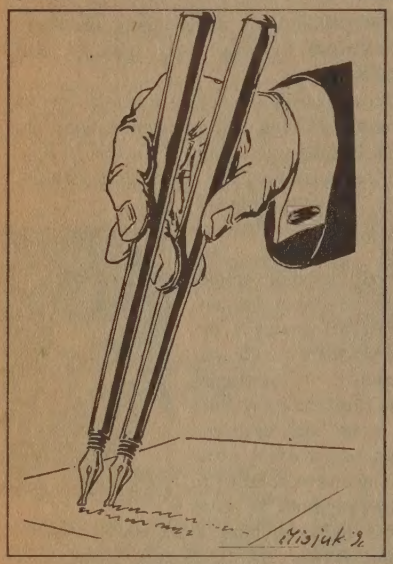
Thus the old controversies assume new disguises. President Yeltsin's Beijing visit is a challenge not to world imperialism, but to world monocentrism. It's high time for Washington to think about the ways to readjust its policies to the new challenge, otherwise the era of confrontation between the two systems will be remembered as the smoothest one in the history of international relations.

Vladimir Kulistikov

THIS WEEK

■ President Yeltsin signed a decree which released Yegor Gaidar from his duties of first deputy to the chairman of the government and acting premier. By another decree Gaidar was appointed Director of the Institute of Economic Problems of the Transition Period. Simultaneously, he will be the President's adviser on economic policy.

■ President Yeltsin paid an official visit to the People's Republic of China. A package of important agreements in the traditional spheres of cooperation and in the military-political field was signed in Beijing. A joint declaration on basic principles of relations between China and Russia states the mutual desire to steer clear of alliances directed against the other party, and contains a provision that neither Russia nor China will allow their territory to be used by third states to the detriment of security of the other party.



Drawing by Vadim Misyuk (Nezavisimaya Gazeta)

An agreement on the building of an atomic power plant in China was also signed. The project, estimated at 2.5 billion dollars, is to be realized on the barter basis. Russia pledged to supply technological equipment and provide technical assistance in construction, whilst China will supply engineering products and consumer goods to Russia. Part of the debt is to be paid in hard currency. Under a special credit from Beijing, Russia will be able to buy grain, vegetable oil and peanuts, which are traditionally sold for hard currency in other markets.

The two parties signed a memorandum envisaging a sharp reduction of armed forces and armaments on their border, and an agreement on cooperation between the Interior Ministry of Russia and the Public Security Ministry of China. Under this agreement the security bodies of the two countries will jointly combat terrorism, organized crime, illegal arms trade, and drug trafficking.

Yeltsin's visit was broken off early in response to tension in Moscow connected with the formation of a new government.

■ During his visit to Japan Arkady Volsky, one of the leaders of the Civil Union of Industrialists, gave an interview to the Kyodo Tsushin news agency in which he allegedly set out the Union's demand for "personnel changes" in the government. The list, reportedly made public by Volsky, contains the following names: Yevgeny Saburov, as the key figure in shaping economic policy; Yuri Yaremenko, as Economics Minister; Yuli Vorontsov, as Foreign Minister; and Nikolai Travkin, as Vice-Premier responsible for relations with autonomies and regions within Russia. Volsky also "promised" the Japanese to remove Pyotr Aven from the post of Minister for Foreign Economic Ties and, in principle, to get rid of ministers who "do not fit their posts."

All this was reported by *Izvestia*'s Tokyo correspondent Sergei Agafonov. Arkady Volsky described the report as a provocation and threatened to bring a suit against the correspondent.

■ A Russian army helicopter with humanitarian aid on board was shot down by a Georgian ground-to-air missile in the vicinity of Tkvarcheli in Abkhazia. On board the helicopter were also 20 children aged 3 to 11 and 16 women evacuated to Gudauta. All of them were killed in the crash.

The Russian Defence Ministry strongly protested to the Georgian authorities over this bandit action and expressed its deep condolences to the families of the dead.

Defence Minister Pavel Grachev said that in view of the crash of a Russian helicopter the Russian troops stationed in that region had been ordered to take "decisive military measures" against both conflicting parties in the event of a threat to the life of servicemen from the peace-keeping forces, the members of their families, and the civilian population.

■ The recent visit of Chancellor Helmut Kohl to Moscow has generally been regarded as successful. Under an agreement he reached with President Yeltsin, Russia will be given an eight-year respite in the repayment of its DM17.6 billion debt incurred as a result of transfer deals with the former German Democratic Republic. In reply, Yeltsin promised to speed up the withdrawal of Russian troops from Germany's eastern lands and complete it by August 31, 1994 – four months before the originally set deadline. In its turn, Bonn is going to allocate an additional DM 550 million for the construction of houses for the families of officers from the Western Group of troops.

Bonn also pledged that at a Paris Club meeting it would actively help work out decisions acceptable to Russia on the problem of the former USSR's foreign debt. Since the Federal Republic of Germany is the main creditor of Russia this pledge can be regarded as extremely important.

Boris Yeltsin and Helmut Kohl: "The coming year will be most fruitful for Russian-German relations"

Arriving in Moscow hot on the heels of dramatic events at the Congress of People's Deputies and Gaidar's resignation, Helmut Kohl demonstrated his support for Yeltsin and confidence that the Russian President will not blow off his policy of reforms. The agreements signed in Moscow during the visit are seen as a guarantee of the Russian reforms and their continuation.

THIS WEEK

■ The complicated problem of the stationing of Russian troops in Georgia has added fuel to the fire of the conflict. According to a Defence Ministry report, the Georgian leaders now count on a forcible solution of the problem of transferring the armaments, combat equipment and property of Russian troops to the Georgian army. Simultaneously, the Georgian Parliament suspended talks with Moscow on the signing of a state treaty, and the Georgian government delegation was recalled from the Russian capital. "This does not mean however that we slammed the door," Eduard Shevardnadze said. "As pragmatists, we understand that Russia and Georgia will always remain in the sphere of mutual interests."

■ Andrei Kozyrev's speech at a Stockholm meeting of CSCE Foreign Ministers produced a shock among those present. In half an hour he laid down the concept of Russia's foreign policy as allegedly being the new policy of its leadership but, in fact, advocated by the opposition. An hour after this speech Kozyrev took the floor again and disavowed everything he said before. He described his speech as an "oratorical trick" intended "to show the danger of another course of events." The audience reacted differently to Kozyrev's move, unprecedented in the history of diplomacy. Many thought it was "not serious" while others regarded it as a "cunning move."

"I was sure that Kozyrev's first speech will be followed by another, and impatiently waited for its continuation," French minister Roland Dumas said. "It was not a farce or trick, but the signal of alarm. It was a sort of shock therapy. The minister wanted to show the audience the gravity of the situation in Russia." This is how Kozyrev's adviser Galina Sidorova commented on the speech of her chief.

■ The Democratic Russia movement, which unites 200,000 members, held its third congress recently. In their final statement the delegates supported the Yeltsin-Gaidar strategy of reforms. They voiced their disagreement with the stand adopted by a majority at the Congress of People's Deputies and in Parliament, and also with actions intended to curtail and slow down the reforms. The delegates said that the President should use his powers to keep the key ministers of the former government in their posts.

■ By a presidential decree Sergei Shakhrai was released from his duties of head of the provisional administration in North Ossetia and Ingushetia. He was charged with ensuring interaction between ministries, departments and state committees of the Russian Federation and the provisional administration in the matter of maintaining the emergency regime in the conflict zone. Major General Alexander Kotenkov, chief of the President's state and legal department, was appointed as the new head of the provisional administration instead of Shakhrai.

■ The Crimean committee of the Ukrainian National Assembly called on the Ukrainians living in Moscow to begin a phased conversion of the capital, from the "citadel of evil," into a city of total disaster. This appeal was made because the Seventh Congress of People's Deputies of Russia charged the Parliament with considering the status of Sevastopol.

"The Crimean committee of the Ukrainian National Assembly," the appeal says in particular, "regards this hostile act of a foreign power as an attempt to violate the Ukraine's territorial integrity and then make the population of Sevastopol a hostage of Moscow's anti-Ukrainian actions."

The committee warned the Moscow politicians that it would defend the Ukrainian status of Sevastopol by every possible means.

CARTOON OF THE WEEK

Drawing by Vladimir Mochalov

■ A new list of foreign diplomats who refused to pay fines for parking their cars illegally during the last six months has been made public in London. Russian diplomats, with 124 unpaid fines, hold a third place in this list, after the Turkish and Saudi counterparts.

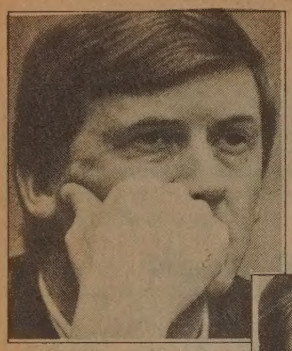
■ The Armenian Parliament will consider a proposal limiting the right of top officials to go abroad for permanent residence and take objects of material value out of the republic.

The proposal envisages a similar ban on the President for 25 years, the Premier, Prosecutor-General and the Speaker for 20 years, and ministers and deputies for 15 and 10 years, respectively. The authors of this move explain that they submitted it because of the atmosphere of chaos and anarchy which tempts officials to emigrate. The President's press service denied rumours about the planned departure of Levon Ter-Petrosian to a European country for a long treatment.

Quotation of the week

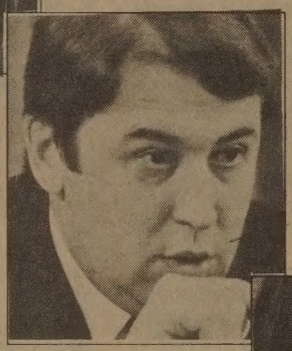
"Our reformers have made an elementary mistake. They adopted the model used in Poland, Bolivia and other developing countries. However, it was applied in Russia with almost no modifications. Gaidar failed to see that the monetarist model is intended to cure the ailing market economy, whereas our economy is monopolized rather than market-orientated. This means that the very goals of the reforms were not defined with professionnal competence; Voila – the result!"

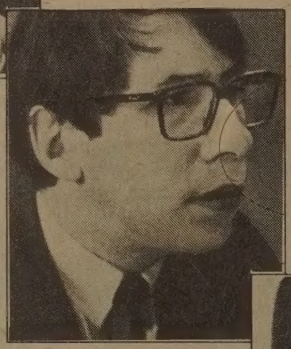
Nikolai Petrakov,
Acting Member of the Russian Academy of Sciences

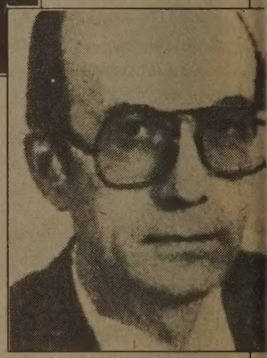


Gaidar has gone. But not far

In 1992 our government had a human face for the first time ever, that of Gaidar and his team, of Chubais, Shokhin, Nechayev, Aven and Saltykov







Our political tradition makes no provision for a comeback. Any politician who secures power stays until carried out feet first. But once he goes, it's into oblivion. *Perestroika* has changed this. Nowadays many have to step down before retirement age. Thus far there have been no triumphant comebacks, with the exception of Brazauskas which after all was in Lithuania. Russia is, every schoolboy knows, unique.

Gaidar and his team, who became the government at a rather youthful age had only one year in office. They already represented a challenge to our political tradition. What entrust the country to 30-year-old armchair scholars? Boys that are too forward? However, thanks to that and to their resolution the country advanced reform in way that neither Ryzhkov, Pavlov, nor Silayev had been able to do, either because of their traditional managerial attitude, for lack of which Gaidar was reproached, or because of the old school network.

At any rate, whatever may be said nowadays, what might eventuate and how successful, God grant, the new Prime Minister may be, Gaidar began it all. He will go down in the annals as the man who initiated reform. He is the Man of the Year.

Those Democrat parliamentary factions that after the Seventh Congress have almost turned away from Yeltsin, believe Gaidar could be the new leader of the democratic movement.

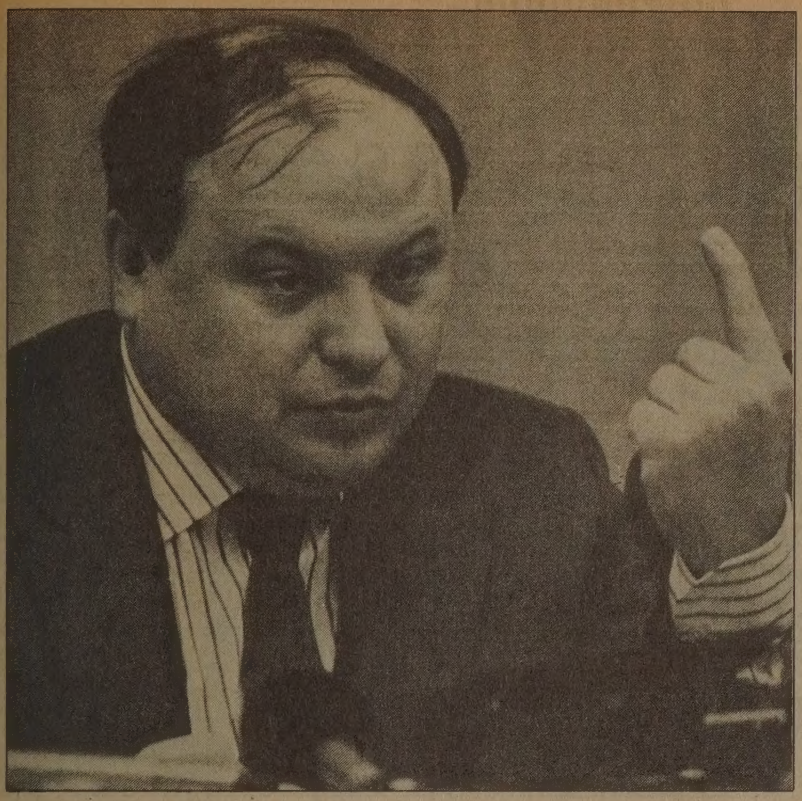
Forgotten promises?

For the first time in years we had a government with a human face.

"How can they so steadfastly cling to power?" deputy Astafiev grumbled at the previous Sixth Congress. The militants of the Russian Unity movement and National Salvation Front averred at news conferences and in the media that Gaidar had sold out to the West and was putting his best foot forward for a California villa and a Harvard University professorship.

After his resignation, Gaidar declined all flattering offers from the West. Not to vex the Russian Unity with its meagre imagination, though. He is simply brought up thus, such are his values and views.

Of course he made mistakes, inevitably so. After all, nobody here has ever tried to reform a communist totalitarian economy. He never lied, never made illusory promises, never engaged in a doublecross. His sole concern was the reform, nothing else. He wanted to be naught but economist – which was where he erred. No doubt he has already realized that as Prime Minister, one cannot simply be economist and nothing else; one has to be a politician too, otherwise it's no go.



Irreversible reform is Gaidar's basic achievement

Gaidar was first to try to bring macro-economic methods to our administrative command system, at sixes and sevens after the boss had gone. He sought to employ economic leverage, not hoarse yelling, unreserved pressure and *davai, davai* come-on pushing. He indeed wanted to be economist, not that sort of economic executive who's on the phone all day long, commanding a couple of train-loads to go there, and a third to come here. That was something they could not forgive him for.

Gaidar unpegged prices, letting the genie out of the bottle for good, as by now all producers feel what free prices mean. He started privatization. Vouchers are now distributed all around Russia, and cannot be recalled. With enormous difficulty he consolidated the ruble, which is getting somewhere little by little. He always found a common language and mutual understanding with Western creditors, who deferred repayment time and again. Eventually, many sober-thinking Deputies appreciated his vision of the country as one integral unit and of the economic processes occurring within it that have evoked new trends and tendencies. Indeed, scarcely from anyone else could these Deputies get such exhaustive, competent comments with respect to the country's economic situation as from Gaidar.

Gaidar would appear to be first, who introduced courtesy and politeness to the corridors of power. Thus he never paid back the Speaker, who treated him so snobbishly and arrogantly, in his own coin, did not toady, reveal annoyance over the aggressive sallies from the MPs or demean opponets. Indeed, before he went he said: "I respect Victor Chernomyrdin."

Perhaps his tactfulness let him down. It transpires that after the Congress vote, when Gaidar found himself one of the top three candidates for the premiership, Yeltsin sought to get him back down. Gaidar did not give him, however eventually telling Yeltsin that it was for him to decide. But suppose he had bickered in our customary way and told off Yeltsin for forgetting his promises? Then, no doubt, he would have continued as acting Premier.

Over the reform year, Gaidar greatly changed to demonstrating a battling stance. He has learned the art of self-control and keeps on smiling in every weather. He has been through a good school and might be first to upset the Soviet no-comeback tradition.

Worn down by Group A

Nowadays everybody here and abroad wonders whether Russia's economic course will change or not. Victor Chernomyrdin is not Gaidar's successor as mandated by the Congress. The Deputies did not want Gaidar, but not personally, for I know they respect and like him. What they wanted was to change a course. They also wanted to control the government and with Yeltsin's connivance can now do that. Victor Chernomyrdin is indebted for the premiership to the Deputies and the Speaker and will now turn one ear to the latter.

He is spokesman for one of the country's biggest monopolies, to wit the power complex. He is general director of the Gasprom concern, which controls virtually the entire gas industry. He enjoys the reputation of a leading expert in that field and also as a dependable partner. Yet he is also a typical stagnation-period *nomenklatura* creature, who was Minister of the Gas Industry in the last USSR government, which as we know did not implement any reforms whatever. As a leading economic executive, he was sitting pretty there, as he knew all the ins and outs.

Incidentally, Western firms did not mind dealing with this system. They did not doubt us as commercial partners because the state refunded all debts, ensured every risk, paid on the dot, and did not ask for big foreign loans.

Central Bank chief Victor Gerashchenko also has a favourable reputation in the West, and is still greatly respected. Small wonder for behind him as behind Chernomyrdin was the entire might of the state, even though it dwindled with every passing day.

So what can these men, again at the helm but in the new conditions, really do? Evidently Chernomyrdin will lobby for major state monopoly enterprises and collaborate with the old school tie in the military industrial and power complexes. Indeed, in his maiden pronouncement, he said the country should rely on heavy industry, not shopkeepers. What, Group A again!

Apparently we shall never be getting away from Lenin's celebrated formula, it must be in the blood. The new Premier does not seem to be planning to turn the economy around to face the human being.

As Premier Victor Chernomyrdin will evidently turn one ear to Khasbulatov and the other to Yeltsin

Though no government formed yet, it's already okayed

What does Chernomyrdin's pronouncement amount to in practice? We cannot rule out a return to budgetary subsidies for some industries and enterprises. Of course, he will not bother to salvage enterprises already auctioned for vouchers, but on the other hand, other industrial mammoths may escape privatization and again confidently sit on the state's neck. In other words, we shall again nurse obsolete, loss-sustaining plants that work valuable material resources into non-competitive commodities.

Another major danger is that all efforts to toughen crediting will come to nought, with subsidies for operating enterprises handed out right and left. That in turn will inevitably cause inflation to spiral further.

The new Premier also spoke of regulated prices, though, true, in but a very general way for the time being. The declasse masses will only be too pleased with the regulated-prices motto. They don't seem to realize that in that eventuality goods will flow out of poorly stocked state stores and commercial stalls into the black market while prices will rocket still faster. But, no doubt when that happens, the need to combat black-market profiteering will be stressed.

Victor Chernomyrdin disapproves of the use of the dollar in general currency alleging that it is time to put a stop to that, and make use only of the ruble. However, until inflation is halted, it is easier and more advantageous to convert capital into hard currency, which is only logical. All pressure will entail only evil results, for as soon as commodities disappear from the shelves if prices are restricted, capital will flee abroad. The respective bans are familiar and are known down to the last comma. So what economic measures does the new Premier plan to employ to implement his thus far sufficiently streamlined notions? Everything is very obscure.

How surprisingly odd! Victor Chernomyrdin has yet to make public an economic programme, present a member of his cabinet, or even mention his initial measure, as all he has said thus far have been generalities. Yet several political parties and blocs have already voiced support for all the new government's initiatives! Initiatives not projected as yet, and a government that has not been announced as yet either.

Sad to say, this is typical of us. What we chiefly do is to try to assert ourselves, kicking out everyone seen as enemy. The whole affairs is exclusively one on personalities not principles at all.

Tighten screws?

There is really no point in regarding the government reshuffle as tragic. After all given the paralysis which has stricken the executive and that neither the President's spokesmen, the gubernatorial chiefs, the edicts, nor Yeltsin's provincial trips can cure, scarcely will it be possible to substantially modify the course or the more so revert it.

Although many experts believe that at the present stage it is senseless wasting time and energy to change the government, many others plus some political scientists think that at historic turns in the tide, the men at the helm should frequently alternate as infusing fresh blood and affording more ground for manoeuvre.

Victor Chernomyrdin will have to act within these limitations. Resistance to the

present course will soon entail hiper-inflation plus the economy's complete and final collapse.

Of late, in connection with the government change, we have more and more often heard warnings against authoritarianism. As far as one may judge, there are no conditions for that, as needed firstly is iron discipline in the executive, which does not exist today. The Defence, Security and Home Ministries have graphically demonstrated that they have no desire to act. In fact, what the three ministers said at the Congress about their commitment to the Constitution and the legitimate authority, actually showed both President and Congress that their forces will take no part in the political game.

Any attempt by Moscow to tighten the screws will immediately impel the republics and regions to proclaim sovereignty and independence one after another. Which may also be expected in the event of spiralling hyper-inflation when one or another version of a regional or republican currency unit will come into being.

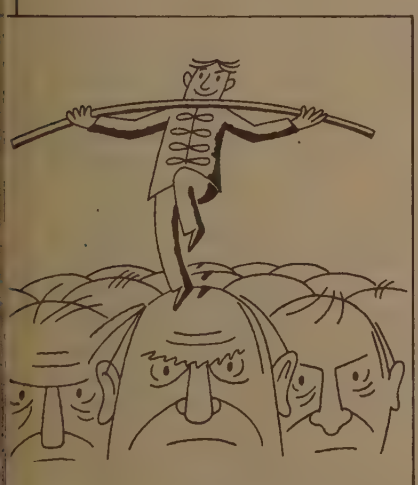
Apparently President Yeltsin does not subscribe to the apprehensions considerable social segments feel over Gaidar's resignation. He believes that the reforms will continue under the new Premier. It is plain to virtually everyone that he has lost heavily. Small wonder, that everyone from Arkady Volsky to the National Salvation Front, thinks he has the new government in his pocket and all are already sharing out ministerial portfolios without even bothering to ask the President's opinion.

As was to be anticipated, some Democrats say they oppose the President, others meanwhile vacillate. However it is absolutely plain that if Democratic Russia movement turns away from Yeltsin, he will have lost his last pillar of popularity. He has already lost a large proportion of his following due to the onerous reforms.

Though somewhat late in the day the Democrats are increasingly inclined to choose and groom a new leader. Many feel that new presidential and parliamentary elections are in the offing. Alexander Rutskoi is up and about and familiar faces continue to appear at microphones.

The issue for the Democrats today is whether to stake on Yeltsin or not. Some hotheads are already putting forward Yegor Gaidar. But is he prepared to accept this role? While it cannot be denied that he has completed the first round of reform, neither one deny that what still haunts him, is the notion of how much more he could still achieve, and also that he has a better view than all else of what should really be done.

Marina Shakina



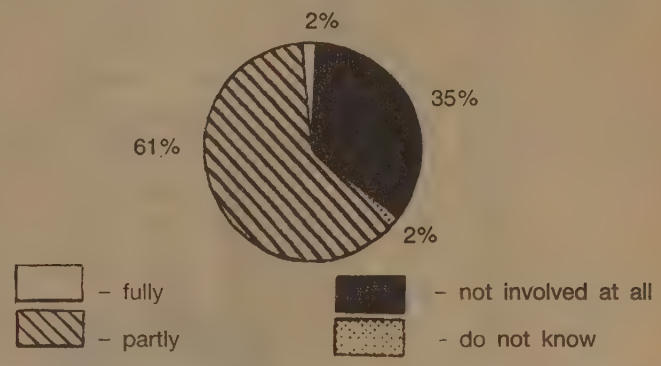
Drawing by V. Vladov

SOCIOLOGICAL SURVEY

Prof. Boris Grushin's Vox Populi Poll

Will conscientious work make reform successful?

To what extent are the masses involved in Russia's reform process?



Curiously enough, the personal views of the respondent sway assessment of reform, with businessmen and representatives of the executive more optimistic, and the militants of pro-communist parties more sceptical. Yet even 52 percent of the government's constant opponents admit that most Russians are involved in economic reforms.

Asked in what way they believe Russians should participate in reform, spokesmen for the Russian establishment called, 23 percent, for privatization, 22 percent for conscientious work, 17 percent for entrepreneurship, and 15 percent for initiative on the job. Spokesmen for communist parties put political activity first, but leaders of non-communist parties put that third, attaching priority to involvement in privatization (28 percent) and entrepreneurship (26 percent).

(Public opinion leaders poll, September 1992, 496 respondents).

Protocolled abduction of human rights advocate

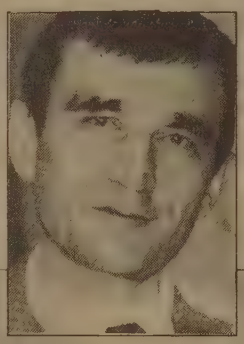
It happened plumb in the middle of the Kirghiz capital, but 200 metres away from Government House. On December 8, Uzbek secret police abducted Abdumannob Pulatov, a leading human rights advocate and Chairman of Uzbekistan's Human Rights Society. Though newspapermen from Moscow involuntarily witnessed the affair, we could not intervene as the salad green van into which Pulatov and his two companions were shoved took off before we ran up. Street photographers and several passersby phoned the police, and the van was found later.

"Return" from communism

On that day the International Human Rights Conference in Bishkek has just ended. That morning Abdumannob Pulatov, as Executive Manager of the Organizing Committee, had held with other organizers the last news conference, and as they trooped out of the former Lenin Museum, that salad green van was already drawn up at the entrance.

The Conference was dedicated to the subject of human rights and national destinies in the post-Soviet independent states of Central Asia. The very fact that it was held in Kirghizstan already implied that this republic recognized the indicated problem. Could it have been held in any of the other Central Asian republics?

Several attempts were made to spike Central Asia's Human Rights Conference, but when that failed its main organizer was kidnapped



Communism has collapsed and with it the Soviet empire that inherited Central Asia from the erstwhile Russian Empire. The leap that the Central Asian emirates and khanates made from feudalism straight to the "bright future," bypassing the wearisome intermediary phases, was unhappy. They were obliged to revert to their varied beginnings. It transpired that "national destinies" differed.

In Tajikistan, as many Tajiks claim, an indigenous nation has yet to form. The country is mangled by warring clans and regions and is plunged in the chaos with criminal gangs running amuck.

In Uzbekistan and Turkmenistan, another "bright way" was found now that they had "abandoned communism." "Helmsmen" reliably took the lot of the nations in firm hand. One image has already become sacrosanct. Like a tin god, he bestows natural gas and pure water and the people thankfully name army divisions and avenues after him.

Though one may call this society what one fan-

Uzbek secret police abducted Abdumannob Pulatov here, a stone's throw from Government House (on the left)

cies, for instance present-day feudalism or Asiatic absolutism, one must necessarily agree that there would be no point having human rights discussed in their respective capitals, as they have once again been "fully and finally ensured."

Secret police collar Pulatov

This article should have actually been devoted to the Bishkek Human Rights Conference which was attended by upwards of 250 delegates from Central Asian states, Kazakhstan, Russia, the USA, Greece, and international organizations and by the ambassadors of the USA, Russia and Turkey. However, the events associated with this Conference threw the situation in Central Asia into far bolder relief.

On the morning of the Conference's last day, the Uzbek delegates noted that Uzbek secret agents had come to Bishkek, but for what purpose nobody really knew. It was clear though that Pulatov ran the greatest risk. On that day he had been designated director of the Human Rights Information Office for Central Asia, headquartered in Bishkek and had had no intention of going back to Uzbekistan.

At a reception for Conference organizers and journalists the day before, President of Kirghizstan Askar Akaev welcomed the holding of this forum in Bishkek and approved its results. He observed that an opposition in democratic countries was natural and necessary and that the main thing was to know how to enter into a dialogue with the opposition which he, more specifically, was prepared to do. Although, he added, he did not always appreciate criticism he took it coolly; nor had he objected to a Central Asia Human Rights Bureau in Bishkek.

The foregoing must be emphasized, inasmuch as Islam Karimov and Saparmurad Niyazov, the Presidents of Uzbekistan and Turkmenistan, had sought to pressure the Kirghizstan leadership into barring the Conference.

The Vice-Premier's special opinion

Nevertheless the Conference opened as scheduled, and present at the inauguration were Medetkan Sherimkulov, Chairman of the Kirghizstan Supreme Soviet, and Vice-Premier Abdygany Erkebayev. Though the first merely graced the platform, Vice-Premier Erkebayev made a noteworthy statement saying:

"For us human rights represent an absolute value. But with our experience of inclusion in an empire, national rights are as fundamentally important for us as well... Hence we must not ignore the interests of the Kirghiz people... As a private individual and citizen, I support democrats when they call for the observance of human rights in other countries, but as an official may I firmly state that we will adhere to the principle of non-interference in the internal affairs of sovereign states."

The men in Tashkent and Ashgabat to whom this was evidently addressed, no doubt understood that whatever might be said at the Bishkek Conference, it would not modify Kirghizstan's actual policies vis-á-vis its neighbours.

Kirghizstan now has a national elite, which could not but imbibe the ideas of "enlightened" Western free thinking. After all, most Kirghizes had been nomad stockbreeders. After Kirghizstan was incorporated with Russia, Russian and Ukrainian peasant families from around Kursk, Oryol and Poltava were conveyed to the Chui Valley to start farming there, thus upsetting the traditional mores and the social pattern of relationships. Associated, incidentally, with this development, are the current discussions in Kirghiz society over the preamble for the projected land law: does the land belong to the Kirghiz people, or to the people of Kirghizstan and consequently to the minorities who have long tilled this land? President Akaev insists on the second formula.

As a result the Kirghiz ruling elite naturally has people who like Askar Akaev are well aware of society's leanings towards Eurocentrism. Hence note not the gulf between the philosophy of the elite and the awareness of society, but the distance between these two segments. Not all want this bridged over, which is reflected in the equivocal policy of the President's entourage and more specifically in what Kirghizstan's Vice-Premier stated at the Human Rights Conference.

Many why's

On the very day President Akaev received the Conference organizers, inclusive of Pamela Cohen, Mike Naftalin and Leonid Stonov of the American-Jewish Human Rights Organization, two Uzbek secret police officers, with the tabs of major and lieutenant-colonel, called on Kirghizstan's Deputy Interior Minister Valery Balykin.

One introduced himself as chief of the Uzbek Interior Ministry's division for combating organized crime. The two said they had come to Bishkek with a five-man team and, according to Balykin, had presented a warrant for Pulatov's arrest.

At this point the entire affair took a fascinating twist, with Balykin allowing his Uzbek colleagues to apprehend Pulatov in Bishkek. He says that formally he had the right to do so, as he conformed to the April 14, 1992, agreement on cooperation in detaining criminal offenders, signed in Alma-Ata at Interior Minister level between the CIS republics.

However, if the Deputy Minister formally abided by protocol, why didn't he protocol his own actions? Why did't the Uzbek police officers, who seized Pulatov and his companions, show Kirghiz traffic police, who had time and again stopped the van – police had responded to the phone calls from those chance passersby we mentioned at the beginning – any papers indicating that on the short way to the Kazakh border, they had had the sanction of the Kirghizstan's Deputy Interior Minister to detain and transport Uzbek citizens through Kirghizstan?

Traffic police phoned Bishkek, where that selfsame Balykin, who that night chanced to be duty officer at the Interior Ministry, each time orally confirmed his sanctions.

Why, as Balykin had put it, did the warrant for Pulatov's arrest, issued by the Tashkent District Attorney and presented by the Uzbek secret police officers, accused Pulatov of organizing student unrest in Tashkent last January – although it was well known that on January 17, the second day of the rioting, Pulatov with spokesmen for the authorities and MPs had urged the students to desist and that later he had spent several months in Tashkent, thus affording more than enough time for detention – but that three days after his abduction in Bishkek, Tashkent officials suddenly said that he had been charged with having "insulted the honour and dignity" of an official personage?

Could that be because the initial change is subject to the terms of cooperation stipulated in the Alma-Ata protocol while the second real charge is not?

Finally, why were Pulatov's two companions also kidnapped, although the Uzbek special police had not presented any warrant for their arrest to the Kirghiz deputy minister while the latter had not sanctioned their detention? No doubt

Abdumannob Pulatov (extreme right) on the platform of the Bishkek Human Rights Conference

that was why on the very next day the Uzbek secret police told their Kirghiz colleagues that Pulatov's companions, who had been with him at a most untimely moment, had got into the van "of their own free will."

Incidentally, we ourselves saw how Takir Bakaev, head of the Bukhara branch of the Birlik popular movement, had been pushed into the van of his "own free will."

Now the basic issue. What are the actual terms for cooperation between special services as under the Alma-Ata agreement between the CIS republics? After all, how they really run are not known.

The President didn't know?

It is common knowledge that in civilized countries extradition calls for lengthy judicial procedures. The Pulatov abduction shows that either such procedures are not envisaged in the Alma-Ata agreement, and hence the ex-USSR's judicial dimension may be still considered inviolate, or these agreements have been violated.

The inquiry conducted right after the abduction by the Commission established by Kirghizstan's Democratic Movement showed that Deputy Interior Minister Balykin had not notified either the heads of the Kirghizstan National Security Committee, or the republic's leadership. At any rate that was what Miroslav Niyazov, Deputy Chairman of the Kirghizstan National Security Committee, told the Commission when questioned. Had he known of the "request" submitted by colleagues from the neighbouring republic, perhaps he could have been able to qualify more precisely the extent to which cooperation in detaining a well-known human rights advocate accorded with the terms of the Alma-Ata agreement.

Incidentally, the Alma-Ata agreement also carries a signature on Russia's behalf. Can anyone guarantee that in a similar situation such club law will not victimize a Russian? Or that this could be "sanctified" by a protocol on cooperation against crime which nobody knows anything about?

The USSR's disintegration and the subsequent emergence of national states is attended by diverse processes ranging from thus far relatively successful attempts to build up a democratic society in Kirghizstan to civil war carnage in Tajikistan, menacing that country's very life spring. The same refers to human rights which range from "a relatively good standard" in Kirghizstan to their total absence in Tajikistan.

Nevertheless there are some common problems, incidentally valid not only for Central Asia. The principal issue has long been formulated – what should take precedence, human rights or national rights.

In Kirghizstan, for instance, this is reflected in discussions as to whether only the Kirghiz language or this language along with Russian should be regarded as state languages. Or whether only a Kirghiz be entitled to be elected president. Or whether the constitution should proclaim the "commitment of the people of Kirghizstan to ... the values of Islam" or to "...the values of Islam and other faiths."

In the turbulent debates in Parliament and in society generally, President Akaev upholds the interests of not only the indigenous nation. On this point he is often opposed by Kirghizstan's Democratic Movement, which presses for the indigenous nation's priority. Such was the case with respect to a Russo-Kirghiz University of Slavonics, whose concept some representatives of the National Democratic Movement viewed as humiliating.

All this is certainly not conducive to mutual sympathy between democrats of different nationalities. Russophones do not believe they will be able to uphold their rights in a civilized manner. Gaining headway is the movement to leave, even though in Kirghizstan compared with other Central Asian regions, possibilities of democratic procedure for defending civil rights are more favourable.

Central Asia's human rights movement stakes on Russia's support. It should not be forgotten that dissidents and human rights advocates survived because the world did not allow us to forget about them. The debt should be repaid.

Arkady Dubnov,
our special correspondent

BISHKEK–MOSCOW

Photos by the author

The "Somali precedent"

"A UN resolution is not a tank, it does not shoot." This aphorism of the Cold War era seems to be out of date. Today UN resolutions "shoot" not only in the allegoric but sometimes in the literal sense of the word. The organization has at last gained the chance to become a really effective instrument of international security. Moreover, it is now able to reestablish law and order and so ensure the survival of whole nations in the difficult and dangerous "post-communist" period. The delivery of food by US and several West European NATO member countries' troops to Somalia, where millions of people are starving because of fierce ethnic conflicts, is one of the latest missions undertaken by the United Nations for this purpose.

It is not the first operation carried out in accord with the Security Council mandate. Suffice it to recall the dispatching of UN troops to the Golan Heights, the Lebanese-Israeli border, and the "green line" in Cyprus. In all these areas blue helmets appeared during the first Soviet-American detente, and they have remained there till now. The experience, tested by time, has on the whole proved successful and valuable, although the functions of the UN troops stationed there are rather modest. They merely help to maintain peace, but do not secure it in any way, and use force only in exceptional cases, such as self-defence. UN troops are subordinate to international command appointed by the Security Council, and their officers are more diplomats than soldiers.

The war in the Persian Gulf and the deployment of allied troops in Operation Desert Storm provides the observer with another model of peace-keeping activities approved by the Security Council. This operation was carried out not by elegant blue helmets but by seasoned American rangers with their allies. They were subordinate only to their own generals, not the Security Council, and showed no pity for the enemy. They liberated Kuwait. However, almost two years after the operation it still remains doubtful whether genuine peace was established in the Persian Gulf region.

The Somali action combines elements of the two models, but it is different from them. Green berets, not blue helmets, have been deployed. However, they are acting under the Security Council mandate and are directly subordinate to this body. They have orders only to protect the delivery of food and distribute it among the starving, and are forbidden to interfere in clan feuds. The key fact is that this large-scale and costly operation has only humanitarian aims. In any case, the United States and NATO did not reveal any motives based on self-interest, whether political or strategic.

Now that ideological confrontation in the Third World has ended, the best policy for the West, from a pragmatic point of view, would be to steer clear of violent clan feuds in the famine-hit Horn of Africa. The newspaper *Pravda* recently wrote that US troops had arrived in Somalia "to acquire combat experience" and solve the hunger problem "by cutting down the number of mouths rather than by expanding food output." This allegation can only be explained by narrow-minded adherence to stereotypes of the past. The pictures of children stretching out their hands for a plate of canned porridge clearly show that millions of people in Somalia can be saved only through interference by the world community. Law and order, and perhaps even statehood, may also be restored in the same way.

Moreover, the Somali model can also serve as a model for those countries and regions in which similar sorts of violent anarchy could easily be initiated. There are already quite a number of such areas.

The latest issue of *Foreign Policy* asserts that Somalia is only one of the growing list of countries which may be called "bankrupt states" and which the United Nations will have in the end to take under its trusteeship. In addition to Somalia, Bosnia, Herzegovina, Liberia and Cambodia, which have already proved bankrupt, the journal also mentions Ethiopia, Zaire and even Georgia as countries moving towards total disaster. The journal concludes that the viability of other regions of former Yugoslavia and the former USSR "is difficult to assess."

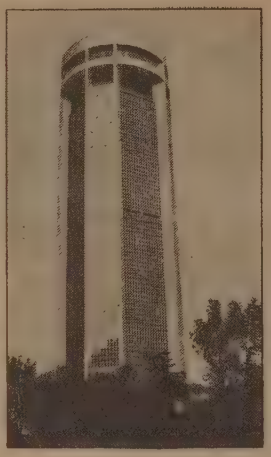
Provided the apprehensions allowing *Pravda* and others to condemn the Somali action are decisively removed, one would by and large agree with these conclusions. It should be said that such apprehensions exist. They are fed first of all by attempts to substitute NATO and the United States for the UN Security Council and lay emphasis on strategic, rather then humanitarian, considerations in one or another region. The latest instance of such an attempt is the reference to the "Somali precedent" for justifying military actions against Serbia and the Serbs who, as facts show, are not the only party responsible for the Yugoslav tragedy. Any attempts made to initiate a war against Serbia under the UN aegis would demean the noble principles which shape the world community's action in Somalia, namely, the principles of justice, humaneness and joint responsibility for the destiny of peace and the prosperity of people. The Russian public, at least, favours the adoption of such principles in determining the new functions and possibilities of the United Nations.

Dmitry Volsky

Sino-Russian trade is steady, so far

Compared to the sharp decline in Russia's foreign trade, the reduction in its trade with China is relatively small. This indicates that both countries are interested in the expansion of firm economic ties between them.

In the first nine months of 1992, the volume of bilateral trade amounted to $2.4 billion. Russia exports mainly heavy industry-based products, such as aircraft, trucks, and complete equipment for projects under construction as well as technical assistance. A contract was recently signed for the purchase by China of seven Il-76 MD heavy transport planes. The Il complex, the Tashkent aircraft factory, and the Rybinsk engine works took part in the deal under the auspices of Aviaexport. China already has three Il-76 MD planes,



each capable of delivering 20 tons of cargoes to a distance of more than 7,000 km.

Russia also exports ferrous and non-ferrous metals, chemical products and fertilizers. Over 90 percent of import consists of foodstuffs, raw materials, and manufactured consumer goods. Thus, the pattern of our trade with China, which has existed for decades, remains unchanged. However, change is likely in the near future.

Russia is faced with a sharp competition from Japan, the United States, and West European countries. Almost all engineering products bought by China from Russia can also be supplied by Western and Japanese companies. In the past the system of clearing payments considerably strengthened the positions of Soviet engineering products in China. However, with the transition to hard currency payments the marketing of Russian-made machines and equipment in China will now largely depend on Russia's ability to compete with similar Western-made products.

Germany's confidence in Russia remains unabated

West German industrialists plan to continue cooperation with Russia despite the temporary difficulties Russia is facing, because the Russian economy has good prospects.

This was said by Dr Bodo Böttcher, chief of the FRG Association of Electrotechnical and Electronic Enterprises who is in charge of a German industrialists' delegation that visited Moscow to participate in the Electro-92, an international show. Sixty West German companies displayed their products at the show. According to Betther, joint ventures and direct investments are key lines of cooperation with Russia. He said that West Germany gave DM73 billion in aid to CIS countries from September 1990 to January 1992 alone, or 57 percent of all Western assistance.

The EVA-2000 project

Several years ago Deutsche Aerospace AG, a part of Daimler-Benz, united the leading enterprises in the German aircraft and space industry to ensure its competitive position in the world market. Recently a delegation of this joint-stock company visited Russia, where it met with officials of the Russian Space Agency, the Ministry of Economics, and managers of the scientific production associations Energiya and Zvezda.

The main purpose of these contacts was to further explore ways to continue and deepen cooperation in the field of aviation and aeronautics. Deutsche Aerospace AG and Zvezda signed an agreement on the joint development of an extravehicular activity suit. The project is called EVA-2000. The company reached an agreement with Energiya on the building of a common European space station. Joint ventures, to be set up next spring, will begin to implement the activities agreed by both sides.

Japan to participate in Russia's conversion programme

Japan plans to take part in the Russian defence conversion programme.

Japan's Ministry of International Trade and Industry plans to send researchers and experts to Russia in 1993 to help Russian counterparts adapt military technologies to civilian use.

The bulk of the research will be carried out at the International Science and Technology Centre being created in Russia with the participation of the USA, Japan, and West European countries. Experts at the Japanese Ministry of International Trade and Industry assign priority to the use of military nuclear technologies in the nuclear energy field; the application of chemical weapons technologies for the creation of medicines and fertilizers; and the use of lasers for crystallographic analysis of matter.

The ministry plans to request approximately US$1 million from the Centre's budget for the programme.

Pulkovo-2 to be built by Americans?

Thomas Kamo, Executive Vice-President of the US company Air Authority, has stated that his company is willing to spend $50 million to build a new airport and renovate the existing international terminal in St.Petersburg.

When asked how long he plans to wait for the St.Petersburg City Hall to make a decision on the plan, he said: "As long as it takes to get a positive answer. We are willing to increase the investment, provided we build a new international air terminal at Pulkovo by the beginning of the Goodwill Games." The Games are set for the summer of 1994.

DOSSIER

STATE TAXATION SERVICE OF THE RUSSIAN FEDERATION MAY 27, 1992 INSTRUCTIONS ON TAXATION OF PROFITS AND INCOMES OF FOREIGN JURIDICAL ENTITIES

(Continued from No. 51)

11. The following shall be taken into account when using provisions of agreements between the USSR and the Russian Federation with foreign states concerning tax issues that offer tax benefits on profits from construction and assembly work.

When determining the period while a project is under construction, the practice shall be that a construction site exists for the purpose of taxation from the time an act is signed to hand over the site to the contractor. The time of termination of the taxable activity on the construction site is that of the signing of a protocol on putting a project in operation. The construction site does not cease to exist in case it suspends work (for example, because of seasonal breaks).

12. Subject to taxation shall be profits generated from receipts from the marketing of products (work, services) not liable to VAT and excise taxes, other material values and income from non-merchandising operations less expenses that are directly incurred in execution of activities in Russia through a permanent representative office, including managerial and general expenses incurred both in Russia and abroad.

The composition of the expenses that are taken into account when calculating profit tax shall be determined in the same manner as for enterprises that are legal entities under Russian legislation and shall be set by the Provisions on the Composition of Expenses in Production and Marketing of Products (Work, Services) That Are Included in the Cost of a Product (Work, Services), and on the Procedure for the Determination of Financial Results that are taken into account in the taxation of profits, as approved by the Government of the Russian Federation upon consultation with the Supreme Soviet of the Russian Federation.

Pending approval by the Government of the Russian Federation of the said provisions, it is necessary to operate on the basis of the Guidelines on Composition of Costs Included in Cost of Products (Work, Services) at enterprises of the USSR, as approved by the USSR State Planning Authority, the USSR Finance Ministry, the USSR State Price Committee, the USSR State Statistics Committee as of November 30, 1990, No. VG–7–D, 133, 01–17/2616, 17–24/10–69, with account of changes and amendments to them by the USSR Economics Ministry, the USSR Finance Ministry and the USSR Statistics Ministry as of August 20, 1991, No. VG–139/3–23 that were disseminated in a USSR Finance Ministry circular as of September 6, 1991, No. 51.

13. When calculating taxable profits, the following particulars of its determination shall be taken into account:

a) subject to taxation is only that part of foreign legal entity's profits which is generated in connection with activities in the Russian Federation. For purposes of taxation, a foreign legal entity's profits will not be taken into account if they are generated from foreign trade operations that are executed exclusively on behalf of this foreign legal entity and connected with the purchase of products (work, services) in the Russian Federation, as well as such an exchange of commodities and operations for the export to the Russian Federation of products (work, services) that makes a legal entity, under the legislation of the Russian Federation, an owner of products (work, services) until they cross the state border of the Russian Federation, except for profits generated from the sale of products from warehouses located on the territory of the Russian Federation and belonging to or leased by a foreign legal entity;

b) provided a foreign legal entity executes its activities not only in the Russian Federation and does not keep separate books making it possible to determine profits from activities it conducts via a permanent representative office, the amount of profits may be determined on the basis of a calculation agreed with the tax authority that supervises its payment to the budget.

One of the following indices is accepted for these purposes in every specific case:

– the share of gross sales of products (work, services) in Russia in the total revenue of a foreign juridical entity from the total of operations;

– the share of expenses connected with operation in Russia in the sum total of expenses of a foreign legal entity;

– the proportion of employees engaged in activities in Russia to the total personnel of a foreign legal entity;

c) foreign legal entities that receive profits in kind (as products or property), not in monetary form, shall pay profit tax as calculated on the basis of world prices for these or similar products or property. Provided information about the level of such prices is not available to the tax authority, it may re-

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DOSSIER

quest the local staff of the Committee for Foreign Economic Ties for information.

14. Provided it is impossible to determine, in accordance with Item 13, the profits that are generated by a foreign legal entity from activities in the Russian Federation, a tax authority shall calculate profits on the basis of gross income or expenses incurred and the rate of profitability of 25 percent (the so-called conventional method for the calculation of a profit tax).

In this case, expenses, no matter where they are incurred, include not only those of the office (bureau) of the foreign legal entity in Russia, but also the expenditures of this entity abroad that are directly connected with its operation in Russia. Expenses shall be calculated in accordance with the rules that are laid out in Item 12 of these Instructions.

15. Since not all profits from the operation of a foreign legal entity are subject to taxation in Russia, the share of the taxable profits should be calculated conditionally. For this purpose, upon consultation with a representative of foreign legal entities, the following categories may be used:

– a share of expenses of the representative office of a foreign legal entity for execution of activities that generate taxable income in Russia in relation to the total expenses of the foreign legal entity in connection with activities in Russia via a permanent representative office;

– a share of income from the activities which generate taxable income in Russia in relation to total income generated in connection with the activities of a foreign legal entity in Russia through a permanent representative office.

The tax authority shall officially notify the foreign legal entity in Russia about the method accepted for the calculation of profits. This method for the calculation of taxable profits can only be changed in the future in case of weighty reasons.

16. Elimination of double taxation under Article 13 of the Russian Law "On Taxes On Profits Of Enterprises And Organizations" cannot be done with respect to foreign legal entities that receive income in connection with operation in the Russian Federation.

17. When calculating taxes, taxable profits, with costs and expenses having been actually incurred, are decreased by:

a) an amount of profits earmarked in the Russian Federation for the reequipment, renovation, diversification, development of production, the commissioning of new capacities in the coal and oil industries, for the production of foodstuffs, medicinal and consumer goods (in accordance with a list compiled by the government of the Russian Federation), equipment for processing foodstuffs, as well as medical equipment; in so doing, the said benefits cannot decrease the amount of the profit tax as calculated without account of the benefits, by more than 50 percent;

b) an amount equivalent to 30 percent of the capital investments for supporting environmental efforts in the Russian Federation;

c) the total of contributions to Russian charities (including those in connection with implementation of programmes for social protection of retired servicemen), to ecological and health-care foundations, public organizations of disabled persons, religious associations registered in due manner, as well as the amount that is remitted to cultural, education, health-care, social security, physical culture and sports institutions and organizations, but not higher than 2 percent of the taxable profits.

Bodies of state power of the republics within the Russian Federation, other national-state and administrative entities shall establish a procedure granting additional benefits on profit tax within the amount of the tax that comes to their budgets.

18. Foreign legal entities that operate in Russia through a permanent representative office shall pay a profit tax at a rate of 32 percent, or at a rate of 45 percent, on profits from agency operations and transactions.

19. A foreign legal person who operates in Russia through a permanent representative office shall submit to the tax authority at the place of registration of the permanent office a report on the nature of its operation in Russia (no standard form exists), as well as a tax return, its form indicated in Appendix No. 1 not later than April 15 of the year following the accounting year.

Provided its operation is terminated before the end of a calendar year, these documents shall be submitted a month before its termination.

20. Provided a foreign legal person has several registered permanent representative offices in Russia, a tax return is filed at each of the corresponding tax authorities on the territory of which the representative of a foreign legal entity is registered.

21. Foreign legal entities that operate in Russia via a permanent representative office shall also submit to the tax authority, together with the report and tax return, the statement of a licensed auditor that is obtained in due order which certifies that the data in the tax return is authentic or a contract on auditor services that is concluded with the auditor before April 15 of the year following the accounting year.

This statement shall be filed with the tax authority during the year following the accounting year, but not later than ten days after the audit.

Failure to file an auditor statement (a contract with the tax authority) is a basis for calling the said tax payer to account in due order.

22. All kinds of earnings and expenses shall be indicated in rubles in the tax return. Earnings in foreign exchange are calculated in rubles in accordance with the market exchange rate of the Central Bank of the Russian Federation on the date of receipt of the funds to the account or the till of the foreign legal entity or its permanent representative office in Russia, as expenses, on the date when they were incurred.

23. The profit tax is calculated by the tax authority in rubles and paid by a foreign legal person by cheque in rubles or, at the discretion of the payer, in foreign exchange that is purchased by the banks of Russia and calculated in rubles at the exchange rate of the Central Bank of the Russian Federation on the date of payment of tax, the payment schedule indicated in the payment advice.

A payment advice is issued to a payer, indicating the amount of calculated tax, its form specified in Appendix No. 2. The receipt of the payment advice is used to keep the personal accounts book. A record "tax withheld from foreign legal entity" shall be

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made in transfering the profit tax amount on the face of the payment advice in the column "payment type."

The period of payment of the tax is set in the payment advice at one month of the date of its issue.

Surplus tax payment shall be credited toward the next payment or is refunded to the payer by the tax authority within ten days of his application in writing.

The tax is calculated following a procedure established by the Law of the Russan Federation "On the Fundamentals of the Taxation System in the Russian Federation."

Examples of the calculation of profit tax payable by a foreign legal entity are cited in Appendix No. 6 to these Instructions.

III. TAX ON PROFITS OF FOREIGN LEGAL ENTITIES THAT ARE NOT CONNECTED WITH ACTIVITIES IN RUSSIA VIA PERMANENT REPRESENTATIVE OFFICE

24. A foreign legal entity that does not have a permanent representative office in Russia and that receives income from sources in Russia shall be liable to the income tax at the source of payment.

Income from sources in Russia includes dividends*, interest, earnings from copyrights and licenses, earnings from freight carriage, rental payments, income from managerial services and other earnings generated from the provisioning or use in Russia of services of any kind that are not connected with operation in Russia via a permanent representative office.

The earnings from freight carriage that are paid to a foreign legal entity in connection with sea, air, rail, road and other cross-border haulage shall be liable to taxation at a rate of 6 percent, dividends and interest, at a rate of 15 percent, and other income, at a rate of 20 percent.

25. Tax on income of foreign legal entities generated from sources in Russia shall be withheld by the enterprise paying the income to the foreign legal entity, in the currency in which the payment is made, on the entire amount of the income at every transfer of the payment and shall be credited to the budget following a procedure established by the Russian Federation Law "On Fundamentals of Tax System in the Russian Federation."

IV. SPECIAL PROVISIONS

26. Provided an international treaty of the Soviet Union or the Russian Federation sets rules other than those in these Instructions, the rules of the international treaty shall apply.

See the USSR Finance Ministry's anthology "Effective Intergovernmental and Interstate Agreements of the USSR and Other Countries on Taxation Issues" to familiarize yourself with international tax agreements.

27. To be entitled to a tax benefit, a foreign legal entity shall submit to the bodies of the State Taxation Service a confirmation of the fact of permanent stay of the entity in the country with which the USSR or the Russian Federation has an effective intergovernmental (interstate) tax agreement.

28. A confirmation of the permanent stay of a foreign legal entity in the country with which the USSR or the Russian Federation has an effective intergovernmental (interstate) agreement on tax issues may be filed with the tax authority both before and after the payment of tax and within a year of the date of transfer.

In the former case the foreign legal entity that is entitled to the said tax benefit shall file with the State Taxation Service an application (its form indicated in Appendix No. 4) in triplicate; the mark left on one of the copies by the tax authority shall provide reason for the enterprises, associations and organizations that are legal entities under Russian law and that pay an income to obtain a tax reduction or exemption. This statement shall be filed annually.

When an application is filed for the refund of amounts (form of application specified in Appendix No. 3 to these Instructions), the tax authority considers the application and refunds surplus tax payments via banks and other financial and credit institutions. Applications that are made a year or longer after the date of the receipt of an income shall not be considered.

29. The provisions of these Instructions shall not affect tax privileges that are established by the general standards of international law and special tax agreements between the USSR and the Russian Federation and other states.

30. It shall be prohibited to make provisos in agreements and contracts under which a legal entity by Russian law or a foreign legal entity assumes responsibility for incurring expenses arising from the payment of a tax for other payers.

V. RESPONSIBILITY AND LIABILITY OF PAYERS SUPERVISION OF TAX AUTHORITIES

31. The responsibility and liability of payers and enforcement of the regulations of these Instructions by tax authorities shall be governed by the Law of the Russian Federation "On Fundamentals of Tax System in the Russian Federation" and other legislative acts.

Provisions under these Instructions shall take effect in respect of the activities of foreign legal entities in Russia via a permanent representative office, as regards income generated in 1992, and in respect of the incomes of foreign legal entities from sources in Russia, as regards income generated after January 1, 1992.

In connection with the publication of these Instructions, the Instructions of the RSFSR Finance Ministry as of October 14, 1991, No. 16/316/V "On Particulars of Taxation of Profits and Income of Foreign Legal Entities in 1991 on the Territory of the RSFSR" shall be declared null and void.

Director of State Taxation Service
of the Russian Federation
I.N.Lazarev

Agreed:
Deputy Russian Federation
Finance Minister
S.V.Gorbachev

* including income from profits of a Russian foreign-invested enterprise that is distributed for the benefit of the foreign participant in the profits

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Enacted by the Order of the Ministry of Finance of the Russian Federation No.10 of March 20, 1992

REGULATION ON ACCOUNTING AND REPORTING IN THE RUSSIAN FEDERATION

The present Regulation shall provide for a uniform methodological basis of accounting and reporting in the Russian Federation for enterprises, organizations that are legal entities under legislation of the Russian Federation, regardless of subordination and form of ownership (including enterprises involving foreign investments), hereinafter referred to as Enterprise, for institutions and organizations whose main activities are financed out of state budget resources, hereinafter referred to as Institution.

The Regulation shall determine accounting arrangement and procedures, drawing up and submitting accounting reports, as well as relations of Enterprises and Institutions over these issues with internal and external consumers of accounting information, including state government bodies.

In accordance with the present Regulation, the Ministry of Finance of the Russian Federation shall be entitled to work out and issue normative acts on accounting and reporting, that are binding to all Enterprises and Institutions in the Russian Federation.

I. GENERAL

1. Enterprise (Institution) shall keep accounting records for its property, liabilities, economic transactions in money terms and in kind by way of entire, uninterrupted, documented, and interrelated registration.

2. The main tasks of accounting shall be:

– Drawing up complete and true information on economic processes and results of activities of Enterprise (Institution), necessary for operative guidance and management, as well as for its use by investors, suppliers, purchasers and creditors, tax-collecting, financial and banking bodies, and other organizations and persons concerned;

– Providing for supervision over availability and flow of property, use of material, labour and financial resources in accordance with adopted norms, standard rates, and estimate sheets;

– Timely prevention of negative occurrences in financial and economic activities, revealing and mobilizing of internal operational resources.

3. Enterprise (Institution), while arranging accounting work, shall:

– Determine independently organizational pattern of accounting work based on Enterprise type and specific operational conditions;

– Determine accounting forms and methods, based on forms and methods accepted in the Russian Federation, or newly worked out by the Ministry of Finance of the Russian Federation, or ministries and agencies, while observing general methodological principles provided in the present Regulation, as well as procedure for processing reporting information;

– Develop arrangement of internal operational records, reporting, and control.

4. Enterprise (Institution) may isolate to run on a separate balance its production capacities and facilities (auxiliary farms, forestries, house and communal service facilities, transport fleets, and other), as well as subsidiaries, representations, branches, and detached divisions forming Enterprise.

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II. MAIN RULES OF ACCOUNTING

5. Enterprise (Institution) shall provide for the accounting of property, liabilities, and economic transactions using double-entry technique in compliance with the Chart of Accounts.

6. While keeping accounting records, Enterprise (Institution) shall:

– Observe during the reported period accepted accounting policy (method) to register individual economic transactions and assess property, set forth on the basis of rules given in the present Regulation and operational conditions. Changes in accounting policy as compared to the previous year must be clarified in the annual reports;

– Provide for comprehensive registration in records within the reported period (month, quarter, year) of all economic transactions effected in this period and results of stock-taking of property and liabilities;

– Provide for the proper referring of incomes and expenses to reported periods. Incomes and expenses shall be acknowledged in the reported period they refer to, regardless of time of their arrival and coverage, unless envisaged otherwise in the present Regulation;

– Register separately current production expenses (circulation costs) and capital investments;

– Provide for identity an analytical records to turnovers and balances of accounts for the 1st of each month.

(To be continued)

Property for vouchers: options expand

Within the space of only two weeks the selling price of vouchers doubled. This happened almost eveverywhere, and, for millions of "ordinary holders" of government securities with the announced value of 10,000 rubles, it came quite unexpectedly. The point is that the nominal value of the voucher declared in President Yeltsin's decree of August 21 brought about confusion even among economists, most of whom are political economists. Is the cost too high or too low?

Much has been written on this subject by economists, deputies, political scientists at home and abroad, and especially journalists. Most newspapers and magazines, some with irony and others with more academic tone, carried articles about "the voucherization of the entire country."

The dispute over privatization vouchers appears to be settled. The cost of the lilac-coloured cheques has sharply increased in value

Drawing by Alexander Zudin

Debate about vouchers

Hot on the heels of the presidential decree, some "experts," in the usual manner of know-alls, commented on how the ordinary people were duped. They claimed that the amount of capital per voucher was merely one thirtieth of its nominal value and, therefore, the government assessment of the August market value of assets to be privatized was overrated almost 30 times. To make their arguments scientifically convincing, they cited figures and prices in rubles. The August prices have naturally changed together with the exchange value of the worthless ruble in relation to the dollar and the pound sterling.

Other opponents claimed that what had so far been done by the reform-minded government to the economy was no more than a prelude to radical changes and that the restoration of public ownership, which is the main goal, would begin only with "the voucherization of the entire country." As Vasily Selyunin – an advocate of this view – said: "It will be a countrywide voucherization, not a false show." There then followed an explanation that each of the 150 million citizens of Russia would receive a share equalling one-150,000,000th part of the country's property, but that an equal share of the public pie would be obtained only after the entire property has been equally distributed for privatization cheques, and for these cheques only.

However, even after the government programme of privatization had been made public, it became clear that such an ambitious plan had no real prospect of implementation this year or in the near future. The above-mentioned Selyunin scrupulously counted all methods of acquiring public property in addition to "equalizing" vouchers. According to him, only a third of the notorious and impalpable public property will be handed out in equal shares.

In short, the debate centred on these and similar details. It can be said with certainty that arguments about the actual and concealed value of vouchers are not yet over. They will flare up again. At the same time, there was also a debate about serious, and only those skilfully declared, possibilities of acquiring through vouchers a substantial part of the property of the vast Russian state, the property accumulated by generations of our ancestors and compatriots through hard privations. It appears however that they have left so little for us, their spendthrift descendants.

For two bottles of vodka

In the course of this debate many noted "the moment of truth" when criticism of the government for its "trick with the vouchers" was loudly heard in the streets. Alcoholics didn't really examine a cheque they had been issued for almost nothing (the price of a loaf of rye-bread) and hurried to sell it as quickly as possible for two or three bottles of vodka in different parts of Moscow – even in its centre, not far from the Kremlin and the parliament's building. Smart guys with knapsacks and bags filled with bottles of vodka stood in the streets, shouting: "Five bottles of vodka for a voucher."

This is how our "wild market" reacted to a new commodity which appeared on it in the middle of October. In the same places other guys bought vouchers for 2,000 rubles each. I myself saw the pockets of these lucky buyers-up puffed up with vouchers.

At the same time, other smart guys standing in Pushkin Square's underpass and in the underground station near the Kremlin simultaneously carried two notices saying: "I'll buy vouchers" and "I'll sell vouchers." As more and more people received their privatization cheques their value slowly climbed, reaching the 3,200-3,700 rubles mark only by mid-November. The same tendency was also observed at tenders held in the Moscow exchanges, where this commodity merely began to gain a mass demand.

Late in October, the Public Opinion centre held a poll in a dozen Russian regions on the subject: "The price of a voucher. Expectations of the population." Some 3,000 people in 40 towns were approached in the course of this poll. It should be said that Moscow with its "peculiarities" was avoided. The socio-demographic and professional structure of Russian citizens was fully represented.

Ironically, unexpected facts came to light. Of those who decided to sell their vouchers, 56 percent agree to do that only at a price higher than nominal. Only 4 percent of respondents would agree to sell their vouchers at the nominal price of 10,000 rubles, and only 3 percent are prepared to sell vouchers below the nominal price.

It turned out that smart guys bought from these people almost their only commodity of value – vouchers. It was precisely these people, who when asked whether they regretted selling their voucher so cheaply, replied crudely to the pollsters or said they wanted to eat now. It also appeared, however, that in late October the majority of people were hopefully expecting a rise in the market price of vouchers. The preliminary data of the above mentioned and other polls revealed the average expected price of a voucher in the near future. It was 19,700 rubles.

It could confidently be predicted that the growing volume of transactions with vouchers at the same exchanges would set off a corresponding mass reaction in the market. The price of a voucher will then very soon approach the level indicated by opinion polls held in Moscow and the provinces.

This was intuitively felt by businessmen who know where to invest ready cash. These people, and their generously paid agents, indefatigably travelled up and down Russia, reaching its remotest areas. They bought up vauchers for a song and in large quantities which the people of faraway villages and towns received almost for nothing – a "gift" from Moscow. Perhaps this explains the origin of large numbers of vouchers which have appeared at the Moscow exchanges. These securities are now offered at tenders organized in Moscow and other cities of Russia. According to the widely circulated, though unconfirmed reports, privatization cheques are actively bought up today by citizens of China, Vietnam and North Korea. They are said to pay 70,000 to 80,000 rubles for a voucher. It is hard to believe in the massive extent of such buying. However, the present writer knows several facts of this kind from a trustworthy source. But it is difficult to judge how long this will last.

Drawing by V. Vladov

The rate to be set by the market

At the Russian Stock Exchange privatization cheques in futures deals reached a selling price of 10,000 rubles. At the Moscow Commodities Exchange and the Russian Commodities and Raw Materials Exchange held in late November, a voucher was sold for 8,000 rubles. A new circumstance should be noted. Reputable investors, not limited in their funds, took an active part in these and other tenders for the first time.

This can be gauged from stock exchange reports. The purchase of large blocks of privatization cheques (from 300 to 800) were registered at auctions. Some newspapers recognized these purchases as significant, and it appears they were right.

What is the reason for this spurt in deals with vouchers, a jump in prices for them, the optimistic evaluations of this extraordinary event and an expectation of future price rises?

The answer can be found in an official paper written in "officialize" and handed down from the Kremlin high-ups. But for almost every attentive person and, especially, for businessmen, it does contain some interest. The document entitled "The provision on holding specialized cheque auctions" contains one real sensation. It says that from now on the shares of enterprises can be paid for only with privatization cheques.

The bitter opponents of vouchers, who call for the collapse of voucherization, predict that hyperinflation will be triggered by the new money in the form of iridescent papers with four zeroes.

However, this document was written in an attempt to clarify the real ability of vouchers to acquire private property. Speaking objectively and without partisan bias, we should stress one thing: the provision formalizes the use of vouchers as a means of payment for the land on which the privatized enterprise, its buildings and equipment are situated. The voucher provides Russians with the means of securely investing in private property and thus entering, for the first time, the private property market.

As the proponents of reform expected, business circles immediately reacted to this measure. Moreover, it was an extremely hasty reaction, hasty because such a measure had been so long in coming.

A cheque auction, the first in Russia, was

promptly held in Novosibirsk. Vouchers were used for their direct purpose, as the sole means of payment. At an auction organized by the West Siberian Stock Exchange the bidders paid with vouchers for shares of the privatized Tomsk state-owned ball-bearing plant, now the open joint-stock society ROLTOM. Each share was sold for a voucher at its nominal price of 10,000 rubles.

It was the first step in the voucherization of property, as it was conceived by the Yeltsin-Gaidar team.

Auctioning for vouchers to expand

However, in the whole scheme of things the excessive enthusiasm of businessmen is slightly marred by our sympathy with citizens who hastily parted with their vouchers. A paper seemingly worthless till now.

If the above-mentioned provision was issued simultaneously with the first vouchers which people received, the privatization cheque would indeed be a highly valuable paper; the humaneness of the authorities would be praised; there would be fewer discontented people; the vouchers would perhaps cost almost as much as they reportedly did in the Far Eastern deals in early October.

Nevertheless, we have finally heard an intelligible explanation: we can now buy for vouchers four of every five shares considered the property of the Russian Federation, its territories, regions and areas. Almost half the cost of municipal property – 45 percent – can now be paid for with vouchers. However, even this rather high level can be raised to 90 percent, if the local Soviet so decides.

The heated debate over vouchers continues. Members of Parliament Konstantinov, Isakov and Pavlov publicly claim that cheques are just one more deception foisted upon the people because they are not issued to a named person. They are like a wash-board for laundering dirty money. They will make a third of workers redundant with social protection of the people by the state eliminated.

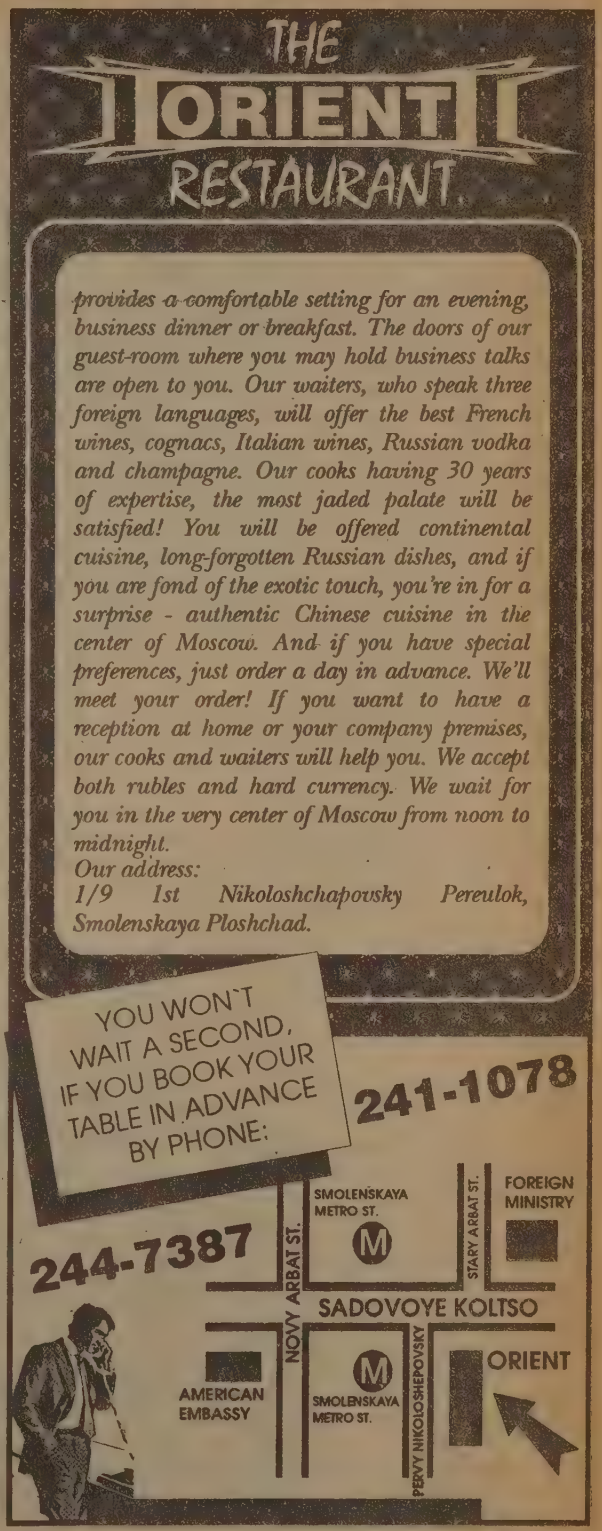
However, reformers Anatoly Chubais and deputy Pyotr Filippov refute the statements of the "people's champions" by seemingly simple arguments. They say that a voucher is a receipt of every citizen certifying that they have received their part of property and can dispose of it as they wish. It is a free market of private property which constantly provides new jobs for the people and a good payment for their labour. With our state in crisis, where can it find so much money for the social protection of a rapidly growing army of unemployed and impoverished people whose ranks will be replenished by workers from the bankrupt state-run industries? Everywhere in the world social protection is financed through taxes on private property, and consequently the social protection is of a higher standard than our country provides. Is it so because abroad the right to property is sacred, as are also human rights and the rights of the individual to work, housing and social protection.

The State Assets Evaluation Committee has drawn up a list of property which the people can privatize for their vouchers. Incidentally, in the last few months tens of thousands of enterprises have filed their plans of privatization. This means that the idea and essence of selling shares for vouchers have been accepted not only by the personnel of these enterprises but also by their managers.

The champions of the people's interests, the demagogues of "partriotic nationality" have been made less vociferous in their criticism only by the government's recent documents on privatization through vouchers. But knowing their manners, we shall hear again their lamenting over the sell-out of Russia to foreign money-bags.

However, we seriously hope to acquire, under Russian law, our segment of property, especially property which belonged to the totalitarian regime. Our hope is backed up by a drastic growth in demand for vouchers by millions of people in the many regions of Russia. This means that the majority of people, those who have made their choice, have linked their social expectations with the destiny of the reform government.

Lev Aleynik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Soviet weaponry's new adventure

The Sandinistas thrive on "brotherly aid"

A Soveiet TV reporter in Nicaragua told me in mid-1980s how he and his cameraman filmed a Soviet military helicopter launching a rocket attack. It was a rare case when journalists managed to obtain a reliable evidence of the use of Soviet weapons in Nicaraguan civil war – as a rule, Sandinistas tried to keep reporters away from battlefields, referring them to our embassy's request.

Sending the material to Moscow, the reporter asked not to edit anything from it. Moscow's decision was the wisest possible one: the material wasn't broadcast at all.

By contrast with the Afghan adventure, the Soviet military presence in Nicaragua didn't rouse any special polemics in our country. Firstly, Nicaragua was too far off; secondly, the scale of military involvement was much more modest. Nor did our soldiers fight and die there. Nicaraguans killed other Nicaraguans. The Soviet Union only supplied arms at the request of a friendly government. Why remember the remote past now?

However, the echo of that war has reminded the present Russian government about it. This autumn Nicaraguan generals sold a large consignment of Soviet weapons to Peru. Similar supplies to Ecuador are in prospect. Russia unexpectedly found herself involved in a dubious arms trade operation in Latin America.

In early 1990, a closed briefing for journalists covering Central America was held in the USSR Foreign Ministry Press Centre. On the eve of presidential election in Nicaragua, a Foreign Ministry spokesman shared his opinion on the possible outcome. The Ministry believed that the Sandinistas would win, but they confidentially expressed suspicions that Daniel Ortega could fail to refrain from forging ballot-papers. Incidentally, much the same was said and written in those days in America as well.

Yet the elections frustrated all forecasts. The Sandinistas' loss was so convincing that they didn't even attempt to falsify the results. The behaviour of the Sandinist leadership even found approval with Western observers: Daniel Ortega passed to the opposition with dignity, having handed power over to a civil government headed by Violeta Barrios de Chamorro.

However, the initial enthusiasm over the Sandinistas' enexpected "democratic behaviour" was soon replaced by deep pessimism. They left government, having retained control over the armed forces commanded, as before, by Daniel Ortega's brother Humberto. The Sandinist People's Army even retained its name. By the end of the third year of Doña Violeta's rule this forced compromise was threatened by a military coup more and more often. This time not Daniel, but his younger brother Humberto prepared himself for the role of "father of the nation."

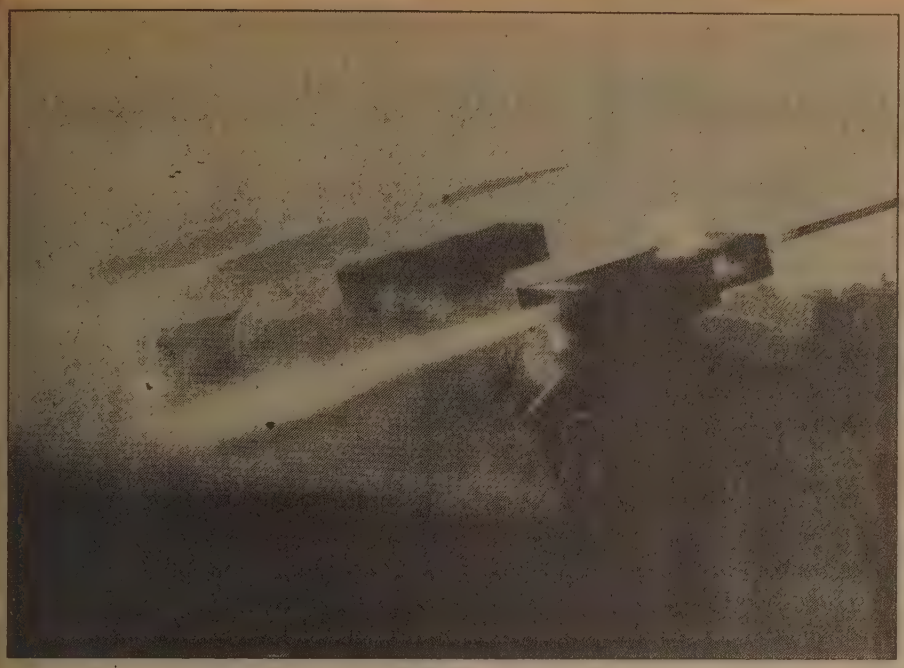
On the surface, General Humberto Ortega is quite loyal to the government. Yet this is the loyalty of a man who controls power. He has said recently that he doesn't intend to leave his post within the next five years. Addressing the nation on October 26, he declared that "a change of government doesn't entail a change of the army Command." The Sandinist People's Army itself established the time-limits and the scale of its reduction and, in Humberto Ortega's opinion, this process won't be completed before 1997.

Since Ortega Junior is so unceremonious with regard to his own government, he cares still less for fulfilling obligations to other countries' governments. He sold 16 military helicopters and other Soviet-made military equipment to the Peruvian military to the tune of $20 million, without having even warned Moscow. Following this bargain, he struck a deal with his colleagues in Ecuador to sell them one more consignment of Soviet arms. It was a fait accompli for Moscow, and only after an international scandal broke out did a Nicaraguan delegation arrive here for explanations.

Humberto Ortega's action not only placed the Russian leadership into a morally rather delicate situation, but by selling Soviet arms to third countries, the Sandinist army openly violates existing international agreements. As early as the beginning of the 1980s, when the first gratuitious supplies of Soviet arms started, they were carried out under the condition that Managua had no right to sell or transfer the arms to third countries without prior consent from the USSR. This clause was endorsed in all other subsequent agreements. Thus did Moscow protect itself from constant accusations by Americans of spreading Soviet arms in Central America. Although it was obvious that the Sandinistas would support the Salvador guerrillas, the official Soviet position was invulnerable.

However, with the change of regime in both our countries, the afore-mentioned clause acquired an absolutely new dimension. Nicaraguans no longer need the heaps of Soviet arms presented to the Sandinistas; its value is assessed at $500 million by 1980s' pricing. Humberto Ortega's action only demonstrated that its potential buyers could always be found in neighbouring countries.

The Ortega brothers still control the Nicaraguan armed forces: Daniel (left), his brother Humberto (the last on the right)



Soviet rocket launchers in Nicaragua. The Sandinistas sell "surplus" arms at a profit

There's one more delicate aspect to this story. Nicaragua's debt to Russia is $3 thousand million. Violeta Barrios de Chamorro's government recognizes the debt, but it claims at negotiations that it's unable to pay it off in the forseeable future.

We also understand the fact that even if the Nicaraguans were eager to pay the debt, nothing would ensue from it. Ruined by the civil war, Nicaragua is on the brink of a financial catastrophe. The USA, which at first promised large credits to the new democratic government in Managua, freezed them, because they don't want to finance power-thirsty Sandinistas. At the same time, Doña Violeta's government which is under an extremely strong pressure doesn't want to take the risk of disrupting relations with Sandinistas since this may result in a renewal of the civil war. The President and the Defence Minister feign normal relations.

But the paradox is that while the civil government refuses to pay off its debts to Russia, the defence minister of this governments makes a profit by selling Soviet arms.

On November 9, a Nicaraguan delegation headed by Deputy Foreign Minister José Pallais Arana arrived in Moscow. The delegation included also a high-ranking army officer, Colonel Roberto Calderon. The Nicaraguans met in camera with representatives of the Defence and Foreign Ministries who informed them about Russia's opinion on the Nicaraguan arms trade. After the delegation left Moscow, having promised to inform the Nicaraguan government about this opinion, the Russian Foreign Ministry promulgated its position:

"The fact of unauthorized sales of Soviet arms to third countries by Nicaragua ... is regarded in Moscow as contrary to the bilateral agreements in force which provide for prior consent by the Russian side to such actions, and in a broader sense, as threatening the general situation in the region." The Nicaraguans were urged to make the required steps in the direction of "strictly complying with the bilateral agreements." One of our competent diplomats thus commented on this diplomatic demarche: "This is a very harsh statement as far as the diplomatic language is concerned."

Unfortunately, while the use of such diplomatic language is suitable in diplomatic circles, this refined language is unknown in the Nicaraguan Defence Ministry. On November 24 a Sandinist newspaper *Barricada* published a statement by the official army spokesman Lieutenant Colonel Ricardo Wheelock. This ex-ambasador to Moscow and a brother of one of the members of the former Sandinist government claims that after the end of the war in Central America and the disappearance of the USSR, his ministry "considers itself free from any obligations" before Russia with regard to Soviet weapons given as present to Nicaragua. This extremely curious statement is especially interesting since, according to the information in possession of the official Russian Foreign Ministry spokesman Sergei Yastrzhembsky, no answer to Moscow's claims has ever been received from the Nicaraguan government. Does it follow that Lieutenant Colonel Wheelock's revelations should be regarded as such? Sergei Yastrzhembsky confined himself to saying that "Russia doesn't consider Nicaragua free from obligations."

Thus a rifle appeared on the scene in Act I, which, according to the laws of drama art, shall fire before the curtain falls. It was mentioned in the Nicaraguan press that a certain Taiwan intermediary, Mrs Lilliam Oung, with a very shady past and no less mysterious present had taken part in the operations of selling the arms. The diplomatic scandal may have a purely criminal sequel.

But even without that the Russian diplomacy is bound to suffer a strong headache. At the very moment when Bill Clinton's administration is taking Russia's measure, trying to formulate its policy vis-à-vis Moscow for the years to come, Russian heavy weapons crop up in the region critical to American interests. By the way, in the not so remote past Peru and Ecuador more than once waged bloody wars against each other because of an unsettled territorial dispute.

In a sense, Russia's international prestige is at stake. If this question isn't cleared up today, tomorrow the Kremlin's former friends will declare their non-recognition of obligations before the present Russian authorities.

This story contains a lesson to be taught to domestic advocates of arms trade. No formulas, even the most accurate ones, of contracts for arms supplies can guarantee it from its subsequent uncontrolled spread. It's not so hard to imagine that in this particular case weapons may fall in the hands of numerous Peruvian left-wing terrorists who will use them against Russian diplomats or sailors. The recent shameful Afghan episode may be repeated when the Russian Embassy in Kabul was evacuated under the fire from Soviet arms...

Mikhail Baklanov

Translating a prosecuted writer...

Hans Björkegren

Red roadblocks on the path to translating Solzhenitsin

Hans Björkegren is a Swedish poet, prosaist, publicist, journalist, a brilliant connoisseur of Russian literature and an excellent translator. Alexander Solzhenitsin's works are a landmark in his life.

The occupation of a translator is, as a rule, devoid of drama and personal risk. Translating Solzhenitsin, on the other hand, is another thing entirely. It goes beyond all habitual limits – all those involved had to face its consequences, including myself who get sucked in due to a misunderstanding.

At first I was happily oblivious of being suspected of anything wrong, a bit later, in 1963–64, I began to notice some oddities and understood that I had become an object of an "investigation."

A bright mind

Somewhere (of course, it's no secret to me where exactly) a "Bright Mind" decided that I maintained a secret liaison with Satan himself, i.e. with Alexander Solzhenitsin (AS). In fact, I had still never met him in those days, he could know about me only from hearsay. But precisely because I had no contacts with AS, the Bright Mind imagined that we had invented a sophisticated secret way of communicating and that it was a matter of state importance to find out what it was.

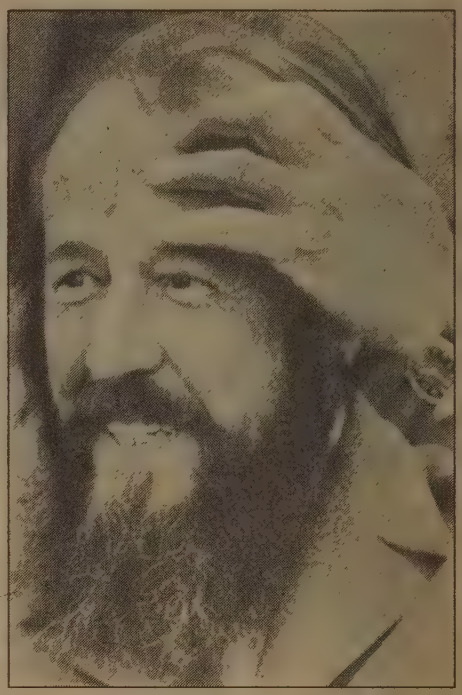
Perhaps I was lucky in failing to understand what was happening. It's only now that I realize that no one is so suspicious as an innocent idiot, suspected of using the most sophisticated methods to shatter the internal stability of a superpower. But, nevertheless, why was I accused of maintaining secret ties with Solzhenitsin? Having compared all the facts, I'm trying to trace the train of thoughts which dawned those Bright Minds when they sat over my dossier, adding new information to it.

As a correspondent who spent almost the entire 1960s in Moscow, I often wrote on cultural life. It was the period of the 22nd Party Congress, a new thaw could be felt in cultural life, although foreign policy often became colder during such thaws. The times were as unstable and impermanent as Nikita Khrushchev himself. The magazine *Novy Mir* published Solzhenitsin's *One Day in the Life of Ivan Denisovich,* and, naturally, I wrote about it. I was one of the first to do so, the fact immediately being entered into my file by the Bright Mind. I can say this for certain, because I was informed about it by one of the Bright Mind's "small grey-matter cells." I will call him a Less Bright Mind (LBM).

This happened at a reception in the Embassy immediately after Khrushchev breathed out a chill over the country's cultural life... The reception was attended by Minister of Culture Ekaterina Furtseva. I managed to elbow my way to her and discuss some aspects of cultural policy in the country.

Our conversation didn't pass unnoticed. As soon as it was over, I was approached by LBM who, having introduced himself, declared that, "according to his information," I was the first foreign correspondent in Moscow who had written about Solzhenitsin's debut. As a representative of a popular Komsomol newspaper, he thanked me on behalf of progressive Soviet intelligentsia.

The information that I was the very first wasn't



quite correct, but I kept silent – it's not my habit to inform on my colleagues. This was the beginning of my regrettable acquaintance with LBM. Once appointed to look after me, he incessantly spied on me, intimidated and provoked me throughout subsequent years.

My dossier

At about the same time I prepared material for Radio Sweden, for a cultural program. A publisher Per Gedin came to the Soviet Union and bought the rights to publish works by some "liberal" writers I had recommended him, including Solzhenitsin, Okujava and Evtushenko – they were once again becoming officially recognized "black sheep." The Swedish press wrote about Gedin's "rich catch," not failing to mention my services in the "fishing." This was surely jotted in my dossier. I also wrote a number of essays about Solzhenitsin's new short stories which came out following "Ivan Denisovich" and, of course, about the discussions roused by Khrushchev's attacks on painters and writers...

This case (or at least my dossier which I'm trying to reconstruct) also includes the fact that I was one of the two or three foreign correspondents who visited the legendary exhibition on Bolshaya Kommunisticheskaya Street. This exhibition, as well as the one in Manezh which was held a few days later, was the first salvo shot by the Party against liberal intelligentsia. I'm confident on this point, due to seeing with my own eyes that the visitors of the exhibition were registered by means of the so-called "auxhiliary optic system."

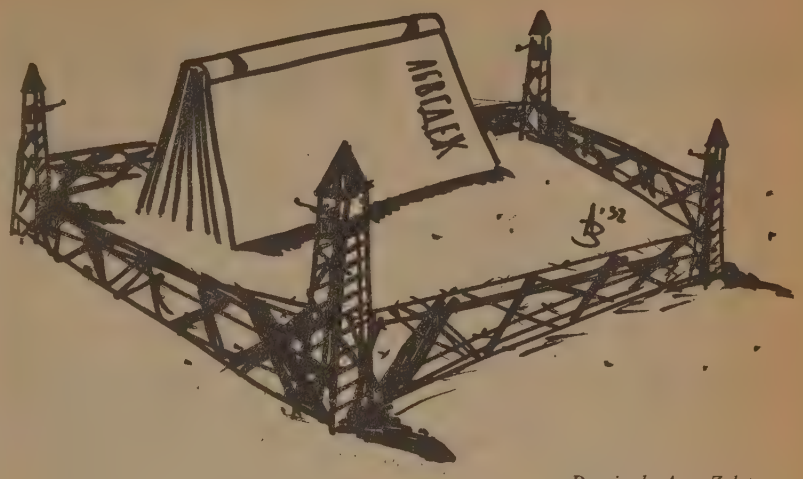
Thus, photographic evidence was added to my dossier. LBM became unusually active. He insistently offered his help "in the uneasy work of journalism" to me and my Yugoslav colleague with whom I cooperated. In particular, he always told us various rumours about Soviet leaders, for instance, about the then General Secretary Leonid Brezhnev's weakness for women and alcohol and about plots against Khrushchev. He regularly supplied me with information coming from the channels of the so-called "White TASS" more commonly known as the "White Guards Pravda" – as a rule it was foreign news which couldn't be published in the Soviet press but which was to be communicated to Soviet authorities of various ranks. Sometimes it was nothing more than "return" information, for instance, the contents of my own essays.

Once LBM informed me by phone that he had prepared a "tasty morsel" for me. He proposed to meet in a restaurant on Gorky Street. I took my wife with me – just in case. We sat at a table in the centre of the almost empty hall. LBM was very excited. "Now, Hans, I'll show you something of interest," he said with the air of a conspirator, and produced, a small manuscript from his bag. If was a "samizdat" copy of Solzhenitsin's verses in prose, soiled and well-used and obviously confiscated. I knew that these verses had been published by an émigré magazine *Grani,* but hadn't read them. I turned the pages of the manuscript, looked through some places in it and returned it to LBM, trying to make my actions as vivid as possible for any camera which might happen to be near-by. LBM insisted that I take the manuscript home. I obstinately pushed it back, and he did the same. The scene was absolutely farsical, not to mention unpleasant. He gave in at last, but when he was putting the manuscript back into his bag, his face spoke of utter disappointment.

When we were putting on our overcoats in the cloak-room, we knew we were being followed. I don't know why "they" were so clumsy – either they were disappointed, having failed to catch me in the act with the copy in my hands, or it was an attempt to intimidate me. In any event, it was open surveillance. Two black cars accompanied us up to our house in the foreigners' ghetto of Kutuzovsky Prospect.

Since I was so compromised, the Bright Minds decided to "smoke me out" from my underground relations with Solzhenitsin. I used to meet once in a while a poet whom John Barron called in his book on the KGB, with good reason or otherwise, a big provocateur in the literary milieu. This man knew about my interest in Solzhenitsin's works. He asked me if I would like to meet AS in Peredelkino (a dacha locality for writers near Moscow). He assured me that Solzhenitsin heard about me and would like to meet me. It was shortly before Orthodox Easter. We agreed to go there in his car – we didn't know if foreigners were admitted there.

But on the eve of our trip a man from the Foreign Ministry Press Service phoned me and said precisely this (I immediately recorded his words): "We have been informed that you are going to visit a well-known writer in Peredelkino. I wouldn't recommend you to do that."



Drawing by Anna Zolotareva

So I didn't go. On that Easter day Young communists arranged a provocation against believers near the church in Peredelkino, which was described by Solzhenitsin in his short story "The Paschal Procession."

I didn't understand to this day why our trip was thwarted. Perhaps one hand didn't know what the other was doing – or didn't approve of it. However, it's hardly possible that a clerk of the Foreign Ministry could run the risk of phoning, on his own initiative, to the foreign ghetto where I lived and where all phones were bugged.

All that took place before 1966 when Solzhenitsin's works were for the last time legally published in the Soviet Union. Nevertheless some of his books were circulated in type-written copies, and now I know that it was precisely then that his *Cancer Ward* and *The First Circle* were illegally brought to the West. I also know, from the appendix to his *The Oak and the Calf,* how the delivery was carried out, although I myself joined the play only in early 1970s when Solzhenitsin's "great northern path" was opened: letters for Solzhenitsin were sent to my home address in Sweden; his numerous contacts with the Nobel Prize Committee and Secretary of the Swedish Academy Karl Ragnar Gierow were carried out also through me; finally we began to use even telephone and telex.

When the newspaper *Stockholms–Tidningen,* to which I contributed, was closed, I was recalled back to Sweden and spent there about a year. But in 1967 I returned to the USSR as Head of the Scandinavian Information Agency Moscow office.

Under the magnifying lens

One day in late September or early October a professor who had something to do with the Soviet Academy of Sciences phoned me. We were only mildly acquainted, through an Italian journalist who believed that the said professor belonged to the periphery of Brezhnev's clan, but no doubt to the very core of the KGB. The professor was very excited, asking point-blank: "Is it true that they are going to award Solzhenitsin the Nobel Prize?" I honestly told him I didn't know and added that I doubted it. By that time Solzhenitsin had published only "Ivan Denisovich" and a few short stories; not enough to become a Nobel Prize winner. I don't know if my answer satisfied the Brightest Mind – he only barked a response and hung up.

This was followed by some more rather unpleasant provocations. I guess the Bright Minds were so annoyed by the "invulnerable" Swede, whose contacts with Solzhenitsin it was impossible to detect, that they made up their minds to simply get rid of me.

I must honestly confess, that all this absurd harassing played its role in my determination to take part in the big secret project of translating *The First Circle, The Oak and the Calf* and *The Gulag Archipelago*. There was a good share of obstinacy in my decision. My logic was more or less as follows: they've wanted for years to unite me with Solzhenitsin, let them get their wish. I burnt all bridges connecting me with Moscow and my Russian literary friends, knowing it could be forever. Translators from many countries refused to take part in the project or would publish their translations under assumed names in order to avoid being deprived of their Soviet visas.

In the summer of 1968 I started translating the novel *The First Circle*. Technically, the manuscript was in a terrible state: over- or underexposed photo copies of the original, which had been typed on a typewriter with worn-out letters, every other letter was impossible to make out. I had to use a lamp magnifying glass. Such, however, was the fate of all early translators of Solzhenitsin's works, until the underground paths became so well-beaten that we began to receive texts whose proofs were read and

corrected by the author himself. But at first, neither the publishers nor translators could get in touch with Solzhenitsin to ask him to fill a gap in the manuscript or to add clarity to a section. It's only after the "great northern path" was established that I and a handful of my colleagues obtained access to the author.

Thus we get to know AS through an exchange of questions and answers, while our personal acquaintance occurred only in February 1974 at Heinrich Böll's dacha after Solzhenitsin had been exiled, having been put aboard a Frankfurt-bound plane.

Defects in the text weren't the main of our problems. Solzhenitsin began to elaborate his own specific vocabulary based on Dahl's *The Explanatory Dictionary of the Russian Language*, thus turning the translator's work into a kind of ethymological reserch impossible without the assistance of our Russian friends.

Time limits were a serious problem, too – the book was to be published simultaneously by big western publishing houses. Consultations with outsiders had to be as restricted as possible – it was important to keep the existence of the manuscript a secret until the book's publishing.

The first two parts of *The Gulag Archipelago* were wrapped in special secrecy. They were sent to printers without flyleaves. The title, the author's and the translator's names were typeset only immediately before the printing, and with a good reason. Now we know that the KGB had tried to lay its hand on Solzhenitsin's manuscript in the West.

I don't know how translators were selected, but after the novel *The First Circle* had been published in Sweden and Solzhenitsin had been awarded the Nobel Prize, I found myself in the narrow circle of those closely associated with his Swiss attorney Fritz Heeb, known as Yura. We, the four translators from the FRG, France, Britain and Sweden, were entrusted with the mystery of the *Archipelago*. The whole affair was so secret that Heeb even didn't recommend us to rely on the postal service. So we had to travel to Zurich every now and then to receive a new portion of the manuscript or consult Yura.

The "great northern path"

When I got down to translating the *Archipelago*, I also established almost direct contacts with Solzhenitsin. He wrote about this in his *The Oak and the Calf*. The "great northern path" lay through my home in Sweden. This way of communicating was very effective, especially when we used telephone or telex. On the other hand, it was rather difficult to find out details, because we had to limit the scope of information to avoid disclosure. But this channel could be used in order to clarify certain common matters, which in some way or other affected the very structure of the book.

I'll mention only one problem which was thus solved. I'm extremely grateful to AS for his pliability and understanding.

He collected material for the *Archipelago* and wrote the book, with such persistence and courage, under such hard conditions, that there is really no parallel in the history of literature. The result of his work was a grandiose verdict against the Soviet regime, based on hundreds of eyewitness accounts.

I myself ran into a personal problem of belief concerning an episode involving Sweden. By the end of the war the crew of a large Soviet ship mutinied, brought the ship to the Swedish shore near Roslagen, landed there, and asked for political refuge, but was interned by the Swedish government and extradited to the USSR where camps and death awaited the sailors.

I'd never heard of anything of the kind. This would be a much bigger scandal that the extradition of sailors from the Baltic countries. I couldn't imagine a similar event being silenced in Sweden. Carefully, I began to make inquiries, without, naturally, explaining the reason for my interest. Everyone I contacted, looked at me as if I were a madman. I wrote a letter to Solzhenitsin and explained, as well as I could, the reasons why I doubted the authenticity of this episode. He answered, not without irritation, that he had received this information from several reliable sources which were independent from each other. He insisted that the description of the episode be translated. I wrote to him one more time, insisting on my version, and informed Yura orally that I wouldn't be able to continue my participation in the translation if this episode was preserved as it was. No special "editing" of the Swedish edition was conceivable. The episode in question was so sensational that it would stir up a scandal in other countries where the *Archipelago* was to come out.

Evidently AS trusted my judgment and my honesty. Before long I was informed via Yura that this episode would be dropped.

This whole event was very painful to me. My insistence forced AS, a man hunted like a wild beast at that time and on the verge of being arrested any minute, if not anything worse, to check up the explosive just before the explosion. Generally speaking, it's not a translator's business to interfere with the original text. Everything, however, was out of the ordinary in the case of the *Archipelago*, and AS himself looked upon his translators as his colleagues in a grandiose collective undertaking.

Although I was confident that my action was correct, I was haunted by doubts the whole time I was working on the translation... Because if, in spite of all my confidence, it turned out that the Swedish government had managed to conceal the fact of extradition of several hundreds of Soviet sailors, I would be branded forever as a villain who played into the hands of God knows what Soviet interests...

Several months before the first parts of the *Archipelago* saw the light of day, I felt I was in complete isolation, like an astronaut in political space, being bound hand and foot by the requirements of secrecy, devoid of the possibility to exchange views with anyone and realizing that if I were mistaken, I was guilty of silencing one of the greatest political scandals in Sweden and damaging one of the most important pieces of documentary evidences of its time.

Many dramatical episodes were connected with the struggles around the Nobel Prize. But this is another story. To the Bright Minds, my participation was a long-expected confirmation of my dossier and the crowning evidence. Thus started the period of my "banishment" which lasted, as I've mentioned, for almost 18 years. ■

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Andrei Silantiev, 34, has been appointed head of the Russian government's press bureau. He is a representative of a new generation of officials, well educated and enterprising, who came to the Kremlin together with Yegor Gaidar.

On graduating from the faculty of journalism at the Moscow State Institute of International Relations, Silantiev worked for two years in the Soviet Embassy in Peru, where he took an interest in the "journalism and authorities" problem, and defended his thesis on this subject.

On returning from Latin America, Andrei got a job in the press centre of the Foreign Ministry's information department. He spent the 1989-90 academic year at Columbia University (USA), where he continued his research on "the fourth power." As a result of this study trip he prepared his doctor's thesis. He had to postpone the defence of this thesis, however, because in November 1992 he was appointed a press assistant to the Minister for Foreign Economic Ties.

A journalist by profession, Andrei Silantiev did not work a single day in a newspaper or magazine, on the radio or television. He considers himself a press official, a role which suits him quite well. The Russian government's press bureau has seven employees on its staff. So far Andrei has invited three personal assistants to the bureau. He thinks that the feeling of comradeship is important in work of this kind. "I would rather do some task myself than entrust it to an unreliable person," he says.

■■■

Emigrating from the Soviet Union 20 years ago, **Yekaterina Breitbart** would have never even imagined that she would return to open a Russian branch of the well-known emigrant publishing house Posev. During more than 40 years it has put out Russian literature in Germany free of censorship. Six years ago she became director of the press and editor-in-chief of the magazine *Grani* (Facets).

In Moscow, Yekaterina graduated from the faculty of mathematics at a teachers' training college. Then she took a post-graduate course and worked at the Academy of Pedagogical Sciences. In emigration, first in Israel and then in the United States, mathematical education stood her in good stead. Yekaterina Breitbart worked at top firms, including the departament of automation and robotization of Union Carbide.

Her brother Vladimir Maximov is a writer. Though Yekaterina does not consider herself a dissident, she grew up and moved in the circle of dissidents. Writers, poets, historians and philosophers, many of whom emigrated, were linked with Posev while still living in Moscow. Yekaterina Breitbart also wrote for Posev, which published her reviews, articles on literary, historical and art themes.

1992 proved a turning point for Posev and its director. It ceased to be an emigrant publishing house and became one of the many officially existing ones. But Posev is not an ordinary publishing house. Its name and history, cultural tradition and the experience in the struggle against communism distinguish Possev from others. In Yekaterina's opinion, the aim of the publishing house has changed. It is no longer to "fight and destroy" but to "build." Nevertheless, she thinks, its past experience has proved useful. It turned out that Posev has to "fight" in order to register its magazines, find the

The most beautiful in the world

Shcherbinka train station, known until now perhaps only by its railway depot, hit the headlines recently. Nineteen-year-old **Yulia Kurochkina,** the new Miss World, lives in this little town near Moscow. She won the title at a world beauty contest held in Sun City, South Africa. For the first time in the 42-year history of these contests the jury, which as usual consisted of famous models, designers, theatre and movie stars, voted Miss Russia to become Miss World – the most beautiful girl on the planet.

Yulia comes from an ordinary family. Her mother is an engineer at an information technology research institute, her father an employee of the federal government communication service. Like most inhabitants of Shcherbinka, they work in Moscow and consider themselves Muscovites. Their only daughter began to pose as a model while studying at school. Along the way she was given considerable help by the now defunct cooperative Rampa (Footlights); aerobic exercises, choreography classes and trips to Italy and Belgium were all organized for her.

For more than a year now Yulia has been working at the Zodiak- M cultural centre headed by Marina Kruglova. Zodiak-M has a license for holding preliminary Miss World contests in Russia and sending national hopefuls to the most prestigious beauty contests.

The jury chose Yulia thanks to her elegance, splendid figure, which she showed off to its full advantage and her charming mile.

Yulia has no ambitious plans. She started a correspondence course of the Moscow Institute of Economics and Finance, and wants to study diligently. Asked how she intends to use the $63,000 prize that goes with the title, Yulia replied that she "hopes to do her bit, though modest, in helping children, old people and all who need support" in "our great country which is faced with great difficulties." The Miss World wants to buy for herself "only some souvenir with which to remember Africa."

necessary printing and publishing materials, place an order with a printing house, or lease a premise. Throughout everything Yekaterina Breitbart is concerned primarily with preserving the tradition of Posev, along with its reputation.

■■■

"It makes me sick and gives me cold fever when I hear the word politics," says **Vladimir Kadannikov,** director-general of the Volzhsky Motors Works (VAZ), the leading plant in Russia's motor industry. Though the plant managers elected him chairman of the Council for Industrial Policy and he was even recommended for the post of premier in the Russian government, Kadannikov has no desire to go into politics, it not attracting him in any way, shape, or form.

Vladimir Kadannikov is 51. At the age of 16 he began to work at the Gorky Auto Plant as an assistant mechanic, since then being in the auto industry with the exception of the years he studied at the Polytechnic Institute. When the construction of the Volzhsky Motor Works began in Togliatti in 1967, Kadannikov was transferred there as an assistant shop superintendent and, having passed all managerial stages, rose to the post of director-general. He is married and has two daughters and a grandson.

The Volzhsky Motor Works, where Kadannikov devoted many years of his life, in now facing hard time. Economic reform has dealt a rough blow to it. The enterprises of Bobruisk and Nefteyugansk do not supply tires, causing the assembly line to be on the verge of grinding to a halt. The plant's debt has climbed to 30 billion rubles, with production becoming less and less profitable throughout the year. The management has had to jack up car prices four times over the same period of time. In market conditions price increases hurt demand. The government's new initiative, obliging enterprises to sell their currency earnings to the state is likely to deal the Volzhsky Motor Works a severe blow. It exports up to 40 percent of its cars and buys technologies and components abroad.

Nevertheless, Kadannikov is doing his best to soften the blow on the personnel. The plant was the first to introduce monthly wage indexing – last January. It also set up a department which regularly determines how much money employees need to live on, given latest price hikes. The average wage at the plant (14,000 rubles) is higher than the average for Russia.

More fame abroad than at home

Joanna Stingray, an American singer, fell into a deep depression after the sudden death of singer Victor Tsoi and her husband Yury Kasparyan, a musician from the Kino (Cinema) band, in a car accident. She admitted that these tragedies made her life cheerless, and lonely.

Joanna could return to Los Angeles and begin her career over again. But fate acquainted her with Alexander Vasiliev, a musician, who helped overcome her anguish and regain the former untroubled look of an American singer.

Joanna came to Russia for the first time as a tourist in 1984. Her acquaintances helped her to meet with Boris Grebenshchikov, "the main rock musician of the country," with a faithful Leningrad following. Joanna managed to smuggle abroad the phonograms of four Leningrad bands – Aquarium, Alice, Kino and Strange Games.

This is how the first record of Soviet rock musicians called *The Red Wave* appeared in the West in 1986. The public saw that rock existed in the Soviet Union too. Sanctions soon followed. In spite of her approaching wedding with Yury Kasparyan in Leningrad, the Soviet Consulate delayed granting a visa. The wedding took place six months later.

Joanna is now preparing a second disc of Russian rock musicians. The Alice, DDT, Moral Code, Nautilus-Pompilius, Brigade C and Chaif are going to donate their fees to the international ecological foundation Green Peace. Joanna has completed work on the script for a film about Johnny Rocket, an American rock star, simultaneously a CIA agent. She will play the main part in this film.

Joanna's recent application for Russian citizenship has puzzled her relatives. They are unable to understand that the eight years spent by Joanna in Russia is something more than a tourist trip.

■■■

Natasha Alexandrova, a 26-year-old singer, was called "Russian Madonna" by *Time* magazine. Since Natasha is known more in the United States than at home, one has only the American magazine to go on.

Natasha, who came from St. Petersburg, is for sex and pop-music. In January she is going to put out her third solo album called *Russian Revolution*.

Last month Natasha visited Harvard University, where she successfully took part in the discussion on prospects for Russian-American ties. To young intellectuals, she evidently became the best argument in favour of a rapprochement between the two countries.

Why people dread retirement

The happy period in a person's life has been turned into mortal boredom

The most dull profession is that of a pensioner – one is paid money to do nothing. He sees his Western contemporaries every now and then in small crowds marvelling at metro stations with childish curiosity, or inspecting our bizarre street life from the large windows of Intourist buses...

Our pensioners don't know what tourism is, not to mention of the international sort. Who would take them there? Who would organize the tours? And what's a pensioners' club anyway?

They sit at home, swallowing pills which don't cure. Go shopping, stand in lines, exchange gossip on a bench, if it hasn't yet been stolen, and watch TV. This is called a pensioner's life, or, in the phraseology of pensioners themselves, "the finishing line."

It's officially believed that our pensioners are quite OK. This idea springs from the existence of a few local industries which, logically, must turn the severe winter of our life into a jubilant summer. In fact, these institutions only provide hosts of clerks with their daily bread. For instance, there's no law on the Russian Pension Fund as yet, but there exists already the Fund itself (a building with studies and desks), and its branches (buildings with studies and desks) in every city. Pensioners are a profitable business, after all!

The pyramids

First Deputy Manager of the Moscow Pension Fund, Vyacheslav Trifonov, answered my question: has the Fund cared to furnish a cultural programme for pensioners, has it organized foreign tours for them, or at least excursions around Moscow and its environs? His tone was full of dignity and condescention for my ignorance:

"We are a financial organization, fi-nan-ci-al. We have only money. Factories and enterprises remit their insurance allocations to us."

How nice it is to work in a pension fund! Money is remitted to your bank account, so let the bank clerks busy themselves with it, while the personnel of the Pension Fund, or of the so-called Children's Fund, or of the Peace Committee draw their salaries. No one counts their pennies when confronted with such heart-rending names as "Children's Fund," "Charity and Health Fund," "Peace Fund" or "Pension Fund." One could part with his last cent for such causes. Children are undernourished in schools, beggars have flooded the streets, the news resembles reports from battlefields, pensioners wait on lines, but it's warm and comfortable in mansions occupied by foundations under such soulful titles.

"Try to inquire from the Ministry of Culture," said Vyacheslav Trifonov.

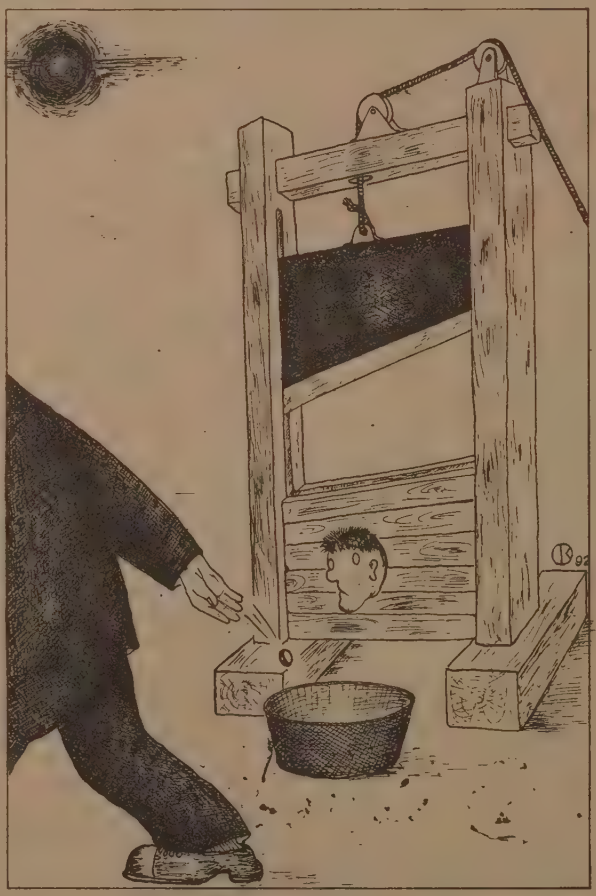
An instructor of the Interbranch Federal Programmes Department of the Russian Ministry of Culture, Lyudmila Velisevich (crushed under a pyramid of departmental bosses), answered my question on whether the Ministry of Culture had proposed at least excursions to theatres for pensioners. With profound professionalism she answers:

"Pensioners are not included in our programmes. What have they to do with us? Our concern is museums, libraries, theatres..."

"Why then is your department called 'Interbranch Federal Programmes Department'?"

The instructor laughs heartily and thinks while laughing. Then she says:

"I don't know! Just don't know! Try to inquire about pensioners elsewhere..."



Drawing by V.Soldatov

Where are our billions of rubles?

Before the mysterious Joint Stock Society CCTE-intour came to have that name, it had been known as the much-critized Central Council for Tourism and Excursions of the All-Union Central Council of Trade Unions. This democratic trade union organization, called by Lenin "a school of communism," had never cared for pensioners, for the simple reason that these unfortunate ones didn't pay trade union dues any more. And the dues extracted from them when they worked don't count.

The Joint Stock Society CCTE-intour occupies the same building as the former Central Council for Tourism and Excursions. It's staffed with the same people. No one of us has ever heard anything about sequestering hundreds of billions of trade union dues, as well as, by the way, about the stocks of CCTE-intour. In a

word, the school of communism continues to exist under an assumed name. Well, let it exist – we're no public prosecutor, after all. Now the Joint Stock Society engages in exclusively humble and inconspicuous mediation activities. It will help a **work collective** make a foreign trip, but it has nothing to do with pensioners. But where did the humble mediator get the money to support a host of clerks headed by a PRESIDENT and assisted by VICE-PRESIDENT? Whence the money to make the Joint Stock Society so rich that it can afford being subdivided into departments? Of course, from the trade union dues of people who are now pensioners. How can they charge for trade union tours and "mediating services" if up to this day they automatically charge trade union dues from us? Where do these dues go?

They told me in the Planning Department that pensioners can travel around the world if they pool their money and pay for the tours and the "mediating services"!

"Talk to my boss"

There is naturally no institution in the world loving Soviet pensioners more than the Ministry for the Social Protection of the Population. The boss of the Coordinating Department of the Main Directorate of Prospective Planning of the Social Protection System, Lyudmila Drobysheva (crushed by the double pyramid above and below), assured me that the Ministry develops no cultural programmes for pensioners and that it has no time to spend on it at all. This serious ministry procures money for pensioners so they won't starve. I involuntarily brushed away a tear – these people also work for pensioners, as if they are not to be paid pensions without special efforts by "funds" and ministries, as if the institution of pensioners has been altogether abolished in the country.

Municipal transport was made free for pensioners when it cost only 5 kopecks. Any pensioner could afford it, as they can afford it now. Pensioners feel bankrupt when they come to footwear shops where there are no shoes for the elderly, or to a drug store where there is no medicine, if they want to see Europe and other continents or simply go on an excursion – they find themselves face to face with a life which was not designed for them.

"Try to talk to my boss," recommends me Lyudmila Drobysheva. "She can tell you more."

The head of the Main Directorate for Prospective Planning of the Social Protection System, Lyudmila Pronina (a bit closer to the top of the pyramid), vehemently supported her subordinate:

"They don't go to the cinama? Tickets are too expensive? But I don't go to the cinema, either. We have no money for cultural programmes!"

But what can a person who has retired on pension afford to do?

"Let him do what he used to do all his life."

As the head of the Directorate for **Prospective Planning of Social Protection System**, Lyudmila Pronina receives her salary for devising her own future. In all evidence, this clever and resolute lady professes adherence to habits and devotion to the burden of a routine life, which one should by no means be relieved of even on retirement, one must avoid enjoying life, even in old age. A pensioner is a rank-and-file member of the state, like any other citizen. Quick march!

Perhaps this is why Soviet pensioner's only entertainment is

SOCIAL SECURITY DEPARTMENT,

a branch of the Ministry for the Social Protection. There is hardly one SSD where a pensioner is met with a smile and offered a seat. The most severe, keen, indifferent and angry people are selected for working in SSDs, mainly pushful girls and ladies – any question triggering an explosive reaction! In the Bauman District Social Security Department a young lady came out into the corridor, loudly inhaled the air and asked:

"Who has forgotten to take a shower today?"

The elderly visitors were stunned. Today many applicants in SSDs are former scientists, scholars, writers and artists...

In Dzerzhinsky District SSD they keep telephone receivers on the desks to avoid being annoyed by calls. People have to come there in person. We, a group of journalists, also went there in order to find out why the line there is always "busy," as if the Dzerzhinsky District SSD had become the epicentre of transition to market relations.

"Why are the receivers on desks?" we asked.

"For them not to call us!!!" the thunderous answer.

One of us told the Minister of Social Protection, Ella Pamphilova, about the war waged by the personnel of Social Security Departments on pensioners.

"Unfortunately, you are right, but it's very difficult to replace personnel," answered this heroic woman, famous for her struggle against privileges. And added immediately:

"But these women are also to be understood – they have a lot of work now!"

We have a lot of busy people: in foundations, ministries and social security departments; we lack hands and computers to help all those poor pensioners. And pensioners interfere with their work all the time! One can't help shouting at them! Not all people have nerves of steel!

Soviet people dread retirement: it means premature degradation, a vegetative life. Those who retire very often fall ill for a long time, being unable to readjust themselves to their new status. And a lot of pensioners continue to work. The law seems to prohibit sending someone on pension against someone's will, irrespective of age, yet it's too often infringed upon to be taken seriously. Pensioners are intrigued against, demoted, deprived of their favourite work – humiliated in any conceivable way!

A young slave instead of an old one

A very high official declared recently that all pensioners should be sacked in order to create new jobs. Formerly progress was hampered by Jews, now by Jews and pensioners. The statesman only failed to specify what is to be done with pensioners, what sort of life he envisaged for them. What has the government done for this generation of pensioners, except paying them off the minimal pension of 2,250 rubles and allowing them to travel in a bus free?

Our most intelligent governmental theoreticians of a command economy calculate economic progress with the help of a geographic map of Russia spread out on a large table. The map contains detailed information on mineral deposits and factories marked with black crosses with curling smoke above... The advantage of this map is that everything required for future reforms is included in it, except people.

The stateman's statement has greatly pleased the corps of managers – they don't pay pensions to their pensioners. It's only in some foreign countries that one is paid a pension by the state (the so-called "social security" pension), as well as by his employers. Our enterprises are relieved of any care for their slaves who have toiled for them all their lives. It's very convenient for a manager to have a young slave instead of an aged one.

Playing the role of a thoughtful caretaker, the state ignores common needs of 35 million citizens who have already completed the period of active life. They are not given a chance to recover their breath and forget about the incessant struggle with the historically unavoidable hardships on the path to the heights of communism. They can't travel. They obtain trivial privileges after weeks of begging for them from the rostrum of the Supreme Soviet. The happy period of human life when one no longer has to hurry to work, labour away and cringe before bosses, has been turned into a period of deadly boredom or, in the phraseology of pensioners themselves, "the finishing line."

Vyacheslav Baskov

Who orders music?

The first private symphony orchestra appeared in Russia, to immediately become a sensation

...David Eaton, conductor and musical director of the New York Philharmonic Orchestra, was elated. He addressed the audience several times, talked about the honour of performing in the Moscow Conservatoire and promised to return with a programme of Russian music and his own compositions.

But most importantly Mozart sounded exactly as David wanted it to be heard by the sophisticated Moscow public. It's very difficult to find a fresh interpretation of well-known music, while avoiding, at the same time, misinterpretation. The conductor was confident that both he and the newly created first Russian private symphony orchestra had lived up to the task. Mozart's music is not often played by big orchestras, and the audience fully appreciated this remarkable event. The Concerto for three pianos and an orchestra performed by Yevgeny, Olga and Sasha Mogilevsky was received rapturously. Sasha Mogilevsky soon became a prize-winner of the International Tchaikovsky Junior Musical Competition.

Sofie Neri, the owner of the orchestra, looked confident and calm as usual, although excitement could be discerned nonetheless. She created an orchestra with the intention to find "her own territory" and play mostly little known and unduly forgotten music. There is the idea, supported in the USA, Italy, Britain and Turkey, to start a musical dialogue between West and East and discover new prospects for interaction between various schools of music. Com Mansur, a brilliant young Turkish conductor, and Bernstein's disciple, whose career is closely connected with British Royal Philharmonic and Oxford Orchestra, cooperates with Sofie Neri's orchestra on a regular basis. The oldest American conductor John Garvey, famous for his interpretations "at the junction" of classical and jazz music, wants to prove that he understands the Russian spirit no less profoundly than the best Russian musicians, and Neri is prepared to provide him with this opportunity.

Why in fact should all orchestras look alike and play the same music? She selects conductors in such a way so as to widen the creative range and the orchestra's spiritual space to the fullest. Let there be difficulties and even failures on the path – no one can be guaranteed against them – it's better than having the same ossified interpretations repeated!

The orchestra's repertoire includes Beethoven, Mahler, Tchaikovsky, Schumann, Shostakovich, Rakhmaninov, Stravinsky... A performance with the participation of the American, Judith Rubin, embraced an entire encyclopaedia of music: Mozart, Verdi, Gounod, Rossini, Puccini, Donizetti... A serious test for the orchestra was the opening concert of the International Dyagilev Ballet Competition at which half of the audience knew both the scores and the traditional interpretation by heart. It's necessary to play both classical and avant-garde music, but in one's own way, and to avoid replenishing the short list of Russian orchestras engrossed in squabbles over who is more important and more truly Russian.

Rivalry in our musical circles appears strange indeed. There are about two thousand orchestras in the USA, and

Sofie Neri, "the orchestra's master"

there's enough work for all of them. We have only a few dozen for the whole of the ex-Soviet Union, musicians eagerly emigrate or work abroad on long-term contracts, but those who have stayed seem unable to settle their accounts, although their ranks are dwindling. Acute rivalry for subsidies from the state and rich sponsors is now added to the regular pressure of competition.

Sofie Neri doesn't compete with anyone. Who is daring and strong enough to follow in her wake? She is a graduate of the Gnesins School of Music and worked as a music teacher. Later she abandoned music for some time and devoted herself to business. Sofie headed the office of the American company Baskin–Robbins in the USSR, worked in the USA, studied English, management, and public relations.

A significant role in her evolution was played by her husbands (Sofie's temperament and lifestyle is unusual). One decisive influence, perhaps, was exercised on her by Victor Luis, a correspondent who contributed to various British newspapers, a man of legendary reputation and a mysterious fate (arguments over whether he was a KGB or a CIA man, or both at a time, didn't stop even after his death). Sofie was his secretary for some years and still recollects her boss with warmth and esteem.

Sofie Neri has recently returned from New York where she spent three months in search of subsidies for her orchestra. After her return back home she contacted entrepreneurs from the Caucasus, but with little success: her partners, eager to have quick returns, failed to understand her motives. She drives a Volvo, lives near the Kremlin in a huge apartment in which there are no beds or chairs, she has been known to request that a guest bring some bread with him. She got her daughter to study in the United States, but had to take her back – it proved too expensive, all revenues are spent on music. She hasn't a second to spare, though she may spend the whole night talking with poor people quite outside of her business line. Her acquaintances include top government dignitaries, generals, scientists, street vendors, helicopter dealers and people without an occupation or permanent residence.

What does she aspire for? Glory? Her Motherland's spiritual revival? Or perhaps save high culture? Having observed her in different situations, I can only say that it's impossible to squeeze Sofie's personality and behaviour into a familiar type.

Most of Sofie's colleagues in big business, having made huge sums in our country, primarily become anxious about ways of investing them in something tangible. Sofie invested all her savings in a symphony orchestra, a chorus, small chamber music ensembles and many other artistic projects. One of them is to stage Rimski-Korsakov's opera *The Legend of the Invisible City of Kitezh* in the Sobor Square of the Kremlin.

She is fully aware of the kind of society she lives in and of the current prejudice against private capital: namely that plunderers and exploiters are preoccupied only with their own interests. The idea has been so firmly drummed into our countrymen's heads that it's impossible to expect a rapid change in attitude towards private entrepreneurship. Sophie Neri tries to prove that private capital is able to serve public welfare, saving souls from moral degradation.

It's hard to forecast the orchestra's and its owner's destiny. But in any event, this unique phenomenon in Russia's cultural life has already made its mark.

Prof. Leonid Goldin

Photo by Victor Akhlomov

ANTI-VIBRATION PICK HAMMER MOP-3

A state-run enterprise Start in Samara, Russia's leading manufacturer of ground-based airfield equipment for all makes of planes and helicopters, is the country's first to have launched into production an anti-vibration pneumatic pick hammer under the conversion programme. The design of the pneumatic hammer is based on the principle of the use of "air cushion," patented in a number of technologically advanced countries.

The pick hammer's design guarantees favourable working conditions: unhazardous to the worker's health and in conformity with modern work standards. It can be used during the entire workday, in contrast to the existing types of pneumatic hammers whose duration of use is limited by health factors connected with intense vibration and great pressing effort.

This new pick hammer outperforms its competition in every basic characteristic. Labour productivity is increased one-and-a-half to two times. The use of quality materials and up-to-date technology guarantees the enhanced durability and reliability of the hammer.

THE PICK HAMMER MAY BE USED FOR:

- demolishing concrete slabs and rock, crushing asphalt, brick structures and frozen ground;
- driving spikes in;
- cutting piles;
- cutting and treating holes to measure;
- packing ground

THE DESIGN OF THE NEW PICK HAMMER:

- increases demolishing effectiveness;
- enhances the striking power of the tool;
- guarantees protection of the operator from vibration;
- makes it easier to use for long periods of time;
- lessens the need for human force, making the operator's work less tiring

Rated pressure of condensed air	0.5 MPa (5 atm)
Power	1.3 kw
Weight	16 kg
Length	1.3 m
Vibration of the handle less than	110 dB
Pressing effort	200N

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